

# BUSINESS WEEK

More Plant

WITH GOVERNMENT MONEY

PAGE 19



Pan Am's Juan Trippe: Flying is transportation, mass transportation. (page 38)

SEPT 23, 1950

"...yes, and it gives  
information that helps  
make more money!"

"This machine  
certainly  
saves time!"

### NATIONAL MECHANIZED ACCOUNTING PROFITS YOU IN TWO IMPORTANT WAYS

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RESEARCH KEEPS

# B.F. Goodrich

FIRST IN RUBBER



## Rubber shovel half a mile long

*A typical example of B.F. Goodrich product improvement*

**W**HAT would you do if you were in the crushed-stone business and your rock pile began to dwindle?

The nearest new rock was half a mile away from the crushing plant. Engineers first suggested a chain of ordinary conveyor belts that would pass the sand from one belt to the other, like a bucket brigade. But that would be expensive; what was needed was a single belt to do the job. They came to B.F. Goodrich about it.

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Whether it's a mountain of rocks you want to move, or any kind of

material—sand, coal, hot coke, ice, lime, potash, or just plain packages—B.F. Goodrich has made improvements in conveyor belting that can save you money. All kinds of industrial products, including hose, transmission belts, V belts, have been made better through BFG research and development. For details about the products your business buys, see your local distributor. *The B.F. Goodrich Company, Industrial and General Products Division, Akron, Ohio.*

**B.F. Goodrich**  
RUBBER FOR INDUSTRY



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In those days, 50 years ago, only a few kinds of flat-rolled steels were made. Then Armco Research men began to perfect new steels for special uses — and Armco engineers invented a giant machine to do away with the heavy labor of hand-rolling sheet steel.

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made of steel. . . . Just as Armco's development of special-purpose steels has enabled manufacturers to make improved products — from household appliances to industrial equipment and farm machinery.

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## Your Success Depends On Your Ability to Win Others to Your Way of Thinking—Here is a Proven Method for Achieving the Goals You Desire!

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Top salaries are paid to those who have the ability to influence and direct the efforts of others. Mediocre jobs, failure to achieve one's rightful station in life, and a colorless, indifferent social existence practically always "trademark" people who do not understand how to get along with those who work with them or for them, or with those who come in contact with them after business hours.

Here, at last, is a guide to handling people successfully. Prepared by K. C. Ingram, assistant to the President of the Southern Pacific Railroad, and for many years a feature editor for the Associated Press, it reveals the psychology of making people listen to you, think well of you, agree with you and remember you. In simple language, it explains how to gain poise and confidence, how to put your ideas across, how to think on your feet, how to make better speeches, write more compelling letters, increase your selling efficiency. Dr. Henry C. Link, Vice-President of The

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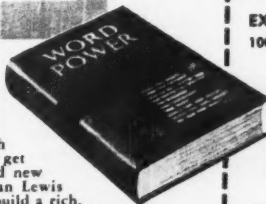
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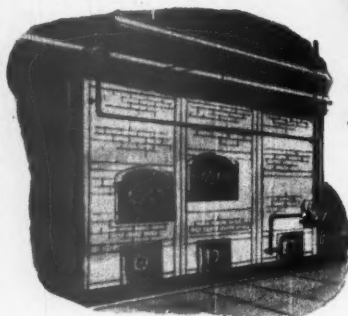
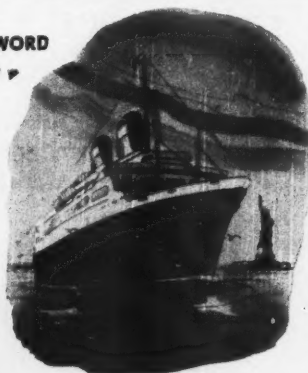
Books by men at the TOP for those on the way UP

# interesting facts

RUST PREVENTIVES • WATER TREATMENT

## RUST PREVENTION FOR THE LAST WORD on the high seas

The 26,000-ton, 25-knot S.S. *Independence*, recently launched, is destined to set new standards in ocean-going comfort. In keeping with its modern accommodations which are completely air conditioned, this new luxury liner will depend on Dearborn NO-OX-ID to protect against rust wherever it threatens.

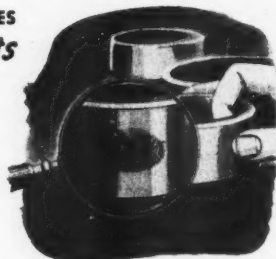


## STEEL CABLE CORROSION stopped by NO-OX-ID

Corrosive fumes from the burning garbage made it necessary to replace the heavy 3/4-inch steel cables of the incinerators of a municipal power house every few weeks. Six years ago these cables were coated with Dearborn NO-OX-ID. They haven't been replaced since . . . have remained in excellent condition.

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Invisible fingerprints on precision parts encourage corrosion, may result in rejects, costly losses. To eliminate this threat, many progressive manufacturers use Dearborn fingerprint remover . . . a special corrosion-resistant coating that permits safe handling of products during manufacture, inspection, packaging.



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BUSINESS WEEK • Sept. 23, 1950



# GET OUR NAME ON YOUR BRAIN!

(Come on now!)

by Mr. Friendly



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*American's* not hard to say  
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And now the job is half-way dun!

Then mull on a *Mutual* friend and you  
Will lick the problem of *Mutual*, too.  
If *American Mutual's* still kind of hazy  
Say it until you start to go crazy!

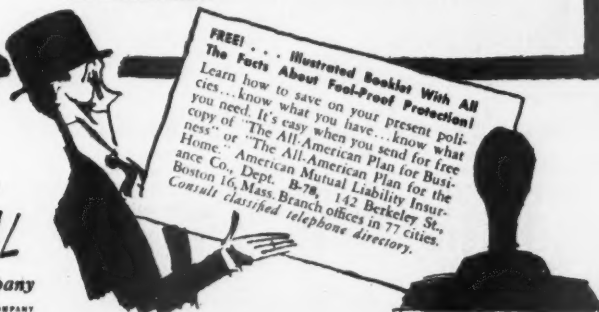
Seriously! If you're interested in savings, remember *American Mutual*. With an opportunity to save up to 20% through dividends plus a special service that's helped hundreds of businesses to reduce premium costs (to 50% below average in some cases). It's the *savingest* name in insurance. Now, what was that name?



## AMERICAN MUTUAL

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USE...

## APPLETON Explosion-Proof EQUIPMENT

These ruggedly constructed conduit fittings and lighting fixtures confine treacherous arcs that cause fires and explosions in chemical plants, oil refineries, hospital surgeries—wherever explosive or flammable vapors, dusts or gases are present. Appleton Explosion-Proof equipment is expertly designed and machined, easy to install and service. And there is an Appleton Explosion-Proof Fitting exactly suited to every requirement. These fittings and fixtures have proved their superiority in hundreds of installations throughout the nation.

Appleton's skilled engineers are ready to help you solve any lighting or wiring problem—explosion-proof or otherwise. Shown here are typical examples from the complete line of Appleton Explosion-Proof equipment which includes hundreds of types and sizes. Write for complete catalog information.

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## Highlights In This Issue

### Fair Dealers' Goal

• They've felt all along industrial capacity needed pushing. Rearmament puts steam behind their drive. P. 19

### Along With Wrestlers

• Now it's politicians on TV. And the new medium is changing campaigning—and maybe nominations—the way radio did earlier. P. 24

### Untouched by Human Hand

• That's the way pipe comes out of National's new mill—and there's only one pair of tongs in the shop. P. 22

### Selling—As Usual

• The defense-boom sellers' market has changed few sales pitches and selling programs so far. P. 52

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• Harry Moses has to be one in his new job. A verbatim interview. P. 104

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• The dramatic Labrador iron-ore development is getting down to dollars and cents—\$170-million of it. P. 92

### Another Postwar Metal

• Like titanium, lithium is profiting from postwar industrial technology and atomic research. It's a new tool for many an industry. P. 67

### How's Business...

• In France, in India, in Australia, in Brazil? An around-the-globe roundup of the impact of U.S. arming. P. 121

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## Mervin is a Meager Beaver

Obviously, lack of adequate dental equipment handicaps our hero . . . makes Mervin incapable of *full* performance, a meager rather than an eager beaver.

Ergo, Mervin is frustrated—unlike the countless men and women in business who know that the quickest, surest way to lick a figure problem is with fast, figure-happy Monroes. *Any* figuring or accounting problem because Monroe makes a model to meet every need.

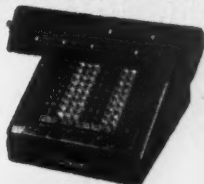
There's something to chew on!

# MONROE MACHINES FOR BUSINESS

Monroe Calculating Machine Company, Inc., General Offices, Orange, N. J.



Whatever your figuring job is  
Monroe makes the model to do it



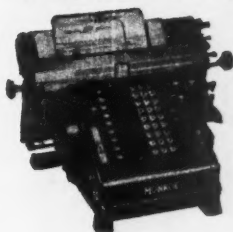
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## Fancy Free

WE'RE not magicians. We lay no claim to wizardry. But we have just turned a neat trick with an old favorite that rates with the best in cost-cutting transformations!

We took the Arcoliner, that already popular wet base boiler for homes with or without basements, made changes inside and out, and came up with an efficient, completely automatic oil fired model we could produce and sell for less money. And we did it without sacrificing its fine quality one whit!

There's nothing fancy about this new Arcoliner but its superb performance! For example, the famous Arco-flame Oil Burner is shown here mounted outside the jacket. By making this new model strictly a hot water boiler, it was possible to eliminate steam tappings and effect still further important savings through the relocation of the special built-in water heater. Even the rich-looking name plate has been replaced by embossing in favor of economy.

What we've done to the new Arcoliner is but another of the many contributions American-Standard has made to better heating for families of moderate means. It is also proof that the amount of quality in American-Standard heating equipment and plumbing fixtures is not measured by the price of the product. That's why they enjoy a public acceptance that's second to none! **American Radiator & Standard Sanitary Corporation**, General Offices: Pittsburgh, Penna.



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# BUSINESS OUTLOOK

BUSINESS WEEK

SEPTEMBER 23, 1950



Chances for a leveling in prices or production—or both—sometime between now and next spring grow bigger with better war news.

Talk of a "plateau," or even a downturn, in business was heard before the successes in Korea. However, until the Inchon landings, the odds favored momentum and high purchasing power to keep things pointed up.

But now those odds are at least slightly altered. Indeed, the steep price rise already has been slowed, particularly on imported materials.

Early success in Korea is a short-range rather than a long-range business factor. Military spending will rise to \$30-billion a year—or beyond (page 15). But the pressure for tomorrow's production yesterday would be off.

Prospects still are that there will be no business letdown this year.

Commercial and industrial construction is soaring.

Auto output may decline. Yet it still will top the rosiest early expectations. And truck demand, including military, is way up.

Consumers have anticipated some of their retail needs. And credit curbs may nip some buying. But Christmas will be the biggest ever.

Meanwhile, record wage rates plus overtime bolster purchasing power.

Early next year, business will temporarily face new obstacles.

Foremost will be tax collections. The higher rates—on record personal and corporate incomes—will make people feel poor.

At the same time, these higher taxes will send Uncle Sam's income far above budgetary estimates. And federal outgo still will be a good bit below the projected \$60-billion (the big rise in military spending will just be beginning).

This could mean a brief Treasury surplus—a deflationary factor.

That, in turn, would coincide with the seasonal peak in unemployment. It would fall in the slack retail period between Christmas and Easter.

But, barring cutbacks on autos and the like, any dip would be brief.

Home building won't let the economy down anytime soon.

The number of houses started in May has been revised upward to 149,100. (The early figure had been 141,000.) June's 142,000 and July's 144,000, like as not, will be revised upward, too.

That also goes for the August figure of 141,000, issued this week.

We will be working pretty well to year's end just to finish the 988,400 houses started so far this year—not to mention another 300,000 or so that will be started between now and New Year's.

Some homebuilders are doleful about next year.

Washington experts see a possible drop to perhaps 900,000 starts in 1951—and most of these at lower average prices than in 1950 (due to credit restrictions).

Yet this would be huge—only 10% under 1949, record year up to now.

Three dominant factors will be pushing the 1951 economy higher:

Military orders will almost certainly be rising throughout the year. Contracts that haven't been let by March will avalanche in June. Thereafter, the rate depends only on how much money Congress will vote.

Machinery output will be very high. Today's roaring industrial construc-

# BUSINESS OUTLOOK (Continued)

**BUSINESS WEEK**  
**SEPTEMBER 23, 1950**

tion must be equipped tomorrow. This is reflected in August machine-tool orders,  $3\frac{1}{2}$  times the present monthly rate of deliveries.

Consumer buying of soft goods will boom with supplies relatively plentiful. Military needs will be much less than expected if Korea is cleaned up and no new incident develops; an army in training needs much less food and clothing than an army in combat.

Wage and salary payments will carry personal income to new highs.

As far back as July, wage and salary income had climbed to a new peak of \$140.5-billion (annual rate). That tops the record-breaking 1948 average by more than \$6-billion.

The work week in factories continues to lengthen (an average of 41.2 hours in August) and the pay check to fatten (\$60.28 last month).

Government regulation of inventories comes at a time when manufacturers' stocks are suprisingly low—both in absolute terms and in relation to sales.

Latest figures are for July. Despite purchasing agents' efforts to build inventories, stocks are only a shade higher than a year ago (and remember business was dragging bottom then.) Manufacturers of durable goods, in fact, have eaten into inventory in an attempt to catch up with demand.

Moreover, inventories of all manufacturers in July were slightly less than  $1\frac{1}{2}$  times the value of shipments. A year earlier, the ratio ran 1.9 times—and even in booming 1948, the average was close to  $1\frac{3}{4}$ .

Thus the government's limiting of inventory "to currently scheduled method and rate of operation" will, by definition, create very few hoarders.

Inventory controls, in practice, affect honest men, not the chiselers.

"Do you think the new inventory controls will work?" an expert on non-ferrous metals asked a couple of Business Week editors on Monday.

Speaking for themselves—if not for the magazine—they answered, "No."

"Why, you cynics . . .," he started to reply.

"Do you think they will work?" he was interrupted.

He hesitated, grinned, and then, slowly: "Nooooo."

Needs for rigid priorities always grow much faster than scarcities.

Steel is an example. Iron Age says, "Customers making civilian goods are finding their quotas slashed and deliveries extended. Some fourth-quarter quotas on sheets and plates have already been sliced 30% to 40%."

"Moreover, deliveries on these products are running four to eight weeks behind schedule."

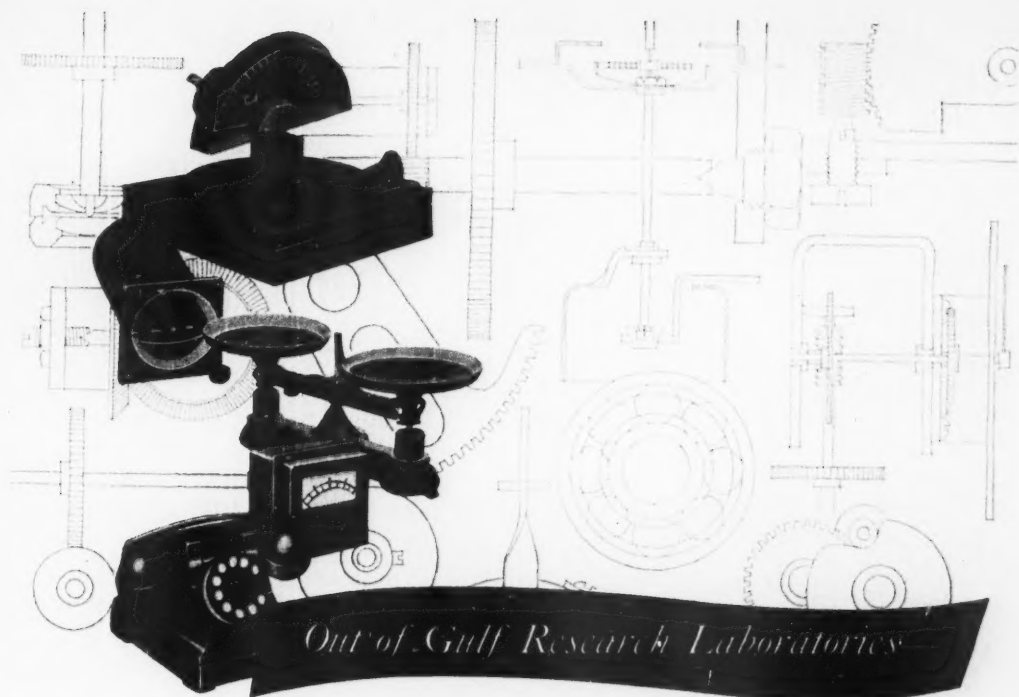
Nobody will dispute Iron Age's facts. But military takings of steel, so far, simply have not risen that fast. It's just the old scramble. Everybody tries to beat everybody else.

Washington will have to step in and unscramble it before long.

Cost of steel is no factor to users now. They are going to lengths that were unheard of, even at the worst of the 1948 supply pinch.

One steel user is buying ingot. Blooming mill capacity is overloaded, so he ships the stuff to Canada. There it is reduced to slab. Then it is shipped back to the U. S. to be finished before he can use it.





## *Remarkable New Oils for small precision bearings and gears*

Two more new Gulf products to help you gain an edge in the battle of costs! Gulf Micro Bearing Oil and Gulf Special Instrument Oil provide longlasting, gum-free lubrication for small precision bearings and gears.

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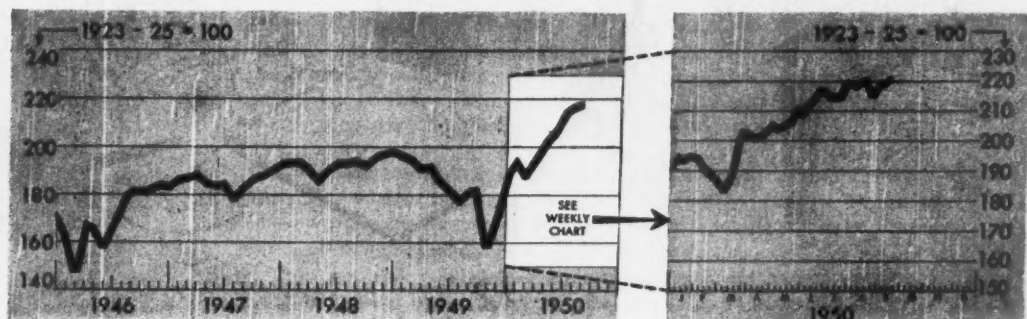
The Mercury Battery is but one of many contributions to higher living standards arising from creative Mallory engineering. If technical skill and precision workmanship in electrochemistry, electronics or metallurgy may be employed to make your product better or at lower cost . . . it will pay you to consult with Mallory. A wide range of products and a unique combination of research, engineering and production facilities are at your service.



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# FIGURES OF THE WEEK



## Business Week Index (above)

### PRODUCTION

	5 Latest Week	Preceding Week	Month Ago	Year Ago	1941 Average
Steel ingot operations (% of capacity).....	100.4	99.6	90.6	86.2	97.3
Production of automobiles and trucks.....	187,239	†151,606	190,879	159,493	98,236
Engineering const. awards (Eng. News-Rec. 4-week daily av. in thousands)....	\$46,400	\$44,656	\$34,258	\$28,105	\$19,433
Electric power output (million kilowatt-hours).....	6,449	6,029	6,370	5,579	3,130
Crude oil and condensate (daily average, 1,000 bbls.).....	5,938	5,909	5,708	4,901	3,842
Bituminous coal (daily average, 1,000 tons).....	2,004	1,837	1,813	1,231	1,685

### TRADE

Miscellaneous and l.c.l. carloadings (daily average, 1,000 cars).....	81	81	80	75	86
All other carloadings (daily average, 1,000 cars).....	61	61	61	50	52
Money in circulation (millions).....	\$27,151	\$27,259	\$26,976	\$27,454	\$9,613
Department store sales (change from same week of preceding year).....	+8%	+5%	+25%	-4%	+17%
Business failures (Dun & Bradstreet, number).....	165	145	186	185	228

### PRICES (Average for the week)

Cost of Living (U. S. Bureau of Labor Statistics, 1935-1939 = 100).... Aug. 173.0	.....	.....	172.5	168.8	105.2
Spot commodity index (Moody's, Dec. 31, 1931 = 100).....	475.4	477.1	459.9	348.1	198.1
Industrial raw materials (U. S. Bureau of Labor Statistics, Aug., 1939 = 100)....	311.7	†306.8	209.7	230.4	138.5
Domestic farm products (U. S. Bureau of Labor Statistics, Aug., 1939 = 100)....	355.4	359.8	352.6	300.9	146.6
Finished steel composite (Iron Age, lb.).....	3.837¢	3.837¢	3.837¢	3.705¢	2.396¢
Scrap steel composite (Iron Age, ton).....	\$40.75	\$40.75	\$41.58	\$27.42	\$19.48
Copper (electrolytic, Connecticut Valley, lb.).....	23.105¢	23.210¢	22.530¢	17.625¢	12.022¢
Wheat (No. 2, hard winter, Kansas City, bu.).....	\$2.20	\$2.23	\$2.21	\$2.16	\$0.99
Sugar (raw, delivered New York, lb.).....	6.25¢	6.25¢	6.26¢	6.01¢	3.38¢
Cotton (middling, ten designated markets, lb.).....	40.95¢	40.67¢	37.96¢	29.97¢	13.94¢
Wool tops (Boston, lb.).....	\$3.10	\$3.10	\$2.65	\$2.05	\$1.41
Rubber (ribbed smoked sheets, New York, lb.).....	57.50¢	†55.00¢	48.20¢	17.86¢	22.16¢

### FINANCE

90 stocks, price index (Standard & Poor's Corp.).....	153.0	149.2	148.3	123.0	78.0
Medium grade corporate bond yield (Baa issues, Moody's).....	3.21%	3.21%	3.23%	3.37%	4.33%
High grade corporate bond yield (Aaa issues, Moody's).....	2.66%	2.63%	2.61%	2.60%	2.77%
Call loans renewal rate, N. Y. Stock Exchange (daily average).....	14-1½%	14-1½%	14-1½%	14-1½%	100%
Prime commercial paper, 4-to-6 months, N. Y. City (prevailing rate).....	14-1½%	14-1½%	14-1½%	1½%	4-1½%

### BANKING (Millions of dollars)

Demand deposits adjusted, reporting member banks.....	49,269	48,581	48,098	46,930	††27,777
Total loans and investments, reporting member banks.....	68,855	68,469	68,116	66,294	††32,309
Commercial and agricultural loans, reporting member banks.....	15,330	14,932	14,359	13,171	††6,963
Securities loans, reporting member banks.....	2,050	2,126	2,586	2,206	††1,038
U. S. gov't and gov't guaranteed obligations held, reporting member banks....	34,840	34,698	35,078	37,594	††15,999
Other securities held, reporting member banks.....	6,267	6,243	6,133	5,038	††4,303
Excess reserves, all member banks.....	990	900	730	1,115	5,290
Total federal reserve credit outstanding.....	19,665	19,438	18,889	17,804	2,265

\*Preliminary, week ended Sept. 16.

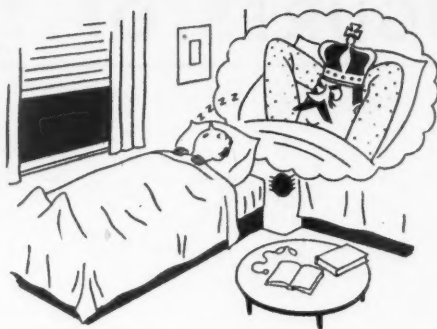
††Estimate (BW—Jul. 12 '47, p16).

‡Revised.

§Date for "Latest Week" on each series on request.



1. Professor Paul, historian, disliked all modern ways. Said he: "I'd be far happier if these were olden days. But since I have to stay in town, well, William Penn's the best—it's modern—and they make you feel you really *are* a guest."



2. Paul woke refreshed next morning, and before he jumped from bed, "Why, history records no kings who slept as well," he said. "Eight hundred springs and more, you say, in every mattress deep? That's modern—and I must admit, *I had a grand night's sleep!*"



3. "Old Roman baths have ne'er been matched for luxury and bliss, but I think even Caesar would have cheered a bath like this. The water's hot, there's lots of soap, and stacks of towels white. It's modern—and I must admit, *it's better than all right!*"



4. "Ho! Bring me bread, and viands fine, and lots of good red meat!" exclaimed the Prof. And then, surprise, that's what he got to eat! "Why, banqueteers of old," he cried, "would envy me—and should! It's modern—and I must admit, *this Statler food is GOOD!*"



5. "In olden times, most inns were on the edge of town," he cried. "But Statler's *close* to offices, to shops and shows beside. A stay at Statler's changed my mind, three cheers for all that's new, it's modern—and I like it—and *I know you'll like it, too!*"



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# WASHINGTON OUTLOOK

WASHINGTON  
BUREAU  
SEPT. 23, 1950



## **Industrial expansion will have a key role in defense plans.**

This is somewhat obscured by all the preoccupation with controls. But you can see how the policy of "peace through armed might" will build up, cause a big push for more capacity. In fact, the preliminary planning to get expansion started already is under way (page 19).

The aim, long range, is an economy big enough to swing the twin jobs of maintaining a huge military, while once again filling civilian demand. That means more steel, more copper, more of everything industry uses.

The underlying considerations help give the perspective on what's ahead. They recognize public backing for big defense sacrifices may weaken if the end of fighting in Korea brings a lull in U. S.-Russia tension.

Russia intends to make war. All her preparations point to that. Her military already is beyond defense needs. So the assumption is that she plans aggressive war on the West—sometime. That's consideration No. 1.

But war isn't inevitable, or so the official line goes. All officials don't agree with this, of course; hence the talk that a preventive war may become necessary.

The way to peace is through armed might. The theory is that if we constantly confront Russia with force, she will decide war isn't worthwhile and will settle her differences with the West eventually.

That makes our defense effort an open-ended proposition—open-ended both as to costs and time.

The cost is sure to go above the \$30-billion program now scheduled, and many officials think it will exceed \$50-billion a year later on.

As to time, officials can only guess—"maybe for a decade, maybe a generation." Anyhow, they see the arms race as a long-pull affair, unless Russia should end it earlier in devastating atomic war.

The big problem for the long pull is how to build up a war machine—if there's no war after Korea is over. That's consideration No. 2. Defense on the scale now projected means more sons and husbands away in uniform, bigger taxes, irritating controls, shortages of civilian goods.

That's the garrison state. And the U. S. has had no experience with it, except in wartime. Adjusting to it now won't be easy, even if small wars continue. A Russian "peace offensive" would make it still tougher to take. Washington is well aware of the political liability in restraints, but it thinks it has part of the answer.

More capacity to produce is seen as the way out. The figuring is that it need take only a few years to get rid of major defense discomforts, such as the more irksome controls and shortages. All that's necessary is enough expansion to meet both military and civilian demand.

It sounds like a promise of butter and guns. Whether it will work out is questionable. But there's no doubt that Truman will push expansion—



# WASHINGTON OUTLOOK (Continued)

WASHINGTON  
BUREAU  
SEPT. 23, 1950

and will threaten government competition unless business meets his goals.

•  
**Frictions in the divided control command** already are starting to pop. They arise from the uncertainty over who is boss of what.

- **Tobin's Labor Dept.** doesn't like the idea of Sawyer's National Production Authority's having a manpower-requirement section. Labor claims that bailiwick.

- **Agriculture and Interior** don't agree on which is to do the job of claiming materials for the fishing industry.

- **Interior** wants to extend its jurisdiction over mining to include refining, which Commerce thinks belongs to it.

**These are minor.** But coordinator Symington may have to settle them—which gives you a foretaste of later wrangling, when controls expand.

•  
**Chapman of Interior is off to a bad start on power control.** He promised the electric utility industry a big say in power mobilization policy. But he picked as his first two consultants men the industry considers friendly to public power. They are Georgia Power's C. B. McManus (BW-Sep. 16'50,p30) and Public Service Co. of Oklahoma's R. K. Lane. Now many in the industry fear that Chapman might be able to push public power and claim industry support.

•  
**The quality of gasoline is sliding,** the first such defense casualty. The octane rating of both high test and standard is being pushed down (BW-Sep.2'50,p21). It still will be higher than in war, but will force a lot of motor tune-ups.

**No gas shortage** is in sight, although military demand is rising.

•  
**The inventory order is a sham** and may put some businessmen on a spot. The only limitation (page 20) is that stocks must be held to the practical minimum needed for operation. But there's no assurance against prosecution later on if a businessman's idea of a minimum happens to conflict with what some official thinks it should have been.

•  
**Labor politics finally got Denham,** the National Labor Relations Board counsel (page 112). Truman promised the unions in 1948 that he would repeal the Taft-Hartley law. He failed to make good on that. So firing Denham was considered the next best thing, politically. With Denham gone, the unions will have a bigger say in how Taft-Hartley is applied.

•  
**There will be no freeze on cashing of savings bonds.** The Treasury sees the recent rush to cash bonds as part of the scare-buying wave; it scoffs at the idea that bonds are being dumped because of inflation fears.

**Compulsory saving** is getting some attention as an inflation curb. It would work like a withholding tax, except that deductions from wages and salaries would be repaid later. It won't come, though, short of a big war.



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## Expansion—One Way or Another

- The government now has the authority and money to step in and build plant facilities itself.
- But industry seems more ready to do its own building than it was in World War II.
- Still, big government aid will be needed for certain "uneconomic" expansion—in petroleum, iron, nonferrous metals.

The U.S. may be heading for the biggest industrial expansion spree in history.

Government figures already suggest that 1950 will be the second-biggest plant-expansion year on record (BW—Sep. 15 '50, p. 24). But the Administration's top planners have a hunch that the expansion to come is much greater than industry executives have yet imagined.

• **Industry's Job**—The government now has the authority and the money to step in and build facilities itself—plants that industry, for one reason or another, won't finance. But the Administration is predicting that this time—as contrasted with World War II experience—industry is going to do most of the job itself. The prospect of long-term demand generated by a \$40-billion or \$50-billion military budget, the Fair Dealers say, is making industry leaders expansion-minded.

This philosophy of expansion, of course, is what the Administration tried to promote all through the postwar period. It charged then that the needs of the economy had been dangerously underestimated. In the ill-fated Murry-Spence bills, the government even proposed that it might have to step in to get things done.

Now all seems to be changed. Fair Dealers, for instance, are citing a speech made last week by Benjamin F. Fairless, president of U. S. Steel. Fairless praised a recent Truman message that underscored the need for industrial expansion; he promised that the corporation's new East Coast steel plant would "... be large enough to produce whatever steel our government may want us to produce in this area."

• **Causes**—There are at least two reasons why industry's views on expansion seem to be turning more into line with the Fair Deal's very own.

First of all, 1950 has dispelled most

doubts about future demand. Even before Korea, "excess capacity" fears had failed to materialize. Executives are apparently becoming convinced that a major depression needn't necessarily follow a war boom.

A second reason is that this time many management men figure it's better business to build their own plants. It's doubtful that U.S. Steel, for instance, would be permitted to buy another Geneva steel plant as surplus. The company was almost turned down last time by the anti-trusters.

• **Need for Help**—Even with bigger private steel building, though, you can still see where government aid could well be used.

Pre-Korea, the steel industry's announced plans for expansion would bring capacity up to 105 1/2-million tons by January, 1953. That's compared with 99.4-million tons at the beginning of this year.

This expansion included the first installment of 700,000 ingot tons of capacity at U. S. Steel's new East Coast plant, which Fairless talked about. Big Steel figures 700,000 tons is the minimum size and that the plant can be enlarged to several times that amount if necessary.

Whether well-heeled U. S. Steel would be interested in a government loan is doubtful. But there is speculation that Fairless' emphasis on building capacity for "whatever steel our government may want us to produce" might mean this: He could be leaving the door open for possible use of a five-year write-off of plant cost, or part of it. Presidents of smaller steel companies have been stressing the benefits of fast amortization in any forced-draft building of new steel capacity.

• **Still Short?**—One new addition to steel capacity, not included in announced expansion, is the 700,000 tons that Henry

Kaiser wants to add to his Fontana (Calif.) plant. Kaiser is not averse to a government loan.

These probable additions to steel capacity, however, still bring the total to little more than 108-million tons by the end of 1952. That's a lot less than some government economists—the Dept. of Agriculture's Louis Bean, for instance—say we need. Bean told the Celler antimonopoly committee this spring we need 118-million to 123-million tons of steel capacity by 1953.

• **Down to Cases**—Every industry, of course, is different—when it comes to expanding, either with government money or without.

Take aluminum. There, the industry-leading Aluminum Co. of America knows that government policy, backed up by every gimmick in the book, is to build up Alcoa's competitors. This will be done by making sure that equipment, materials, money, and electric power are available to the competitors when it comes to stepping up production. Already, this program is under way with the sale of surplus aluminum potlines (BW—Aug. 26 '50, p. 26).

In petroleum, you have something of the same situation you find in steel. The majors are expanding—but the independents are looking for government help. The smaller companies have been losing out in the petroleum industry's postwar octane race, a race in which the majors, with their vast resources, have a decided edge.

Now, with the military seeking more petroleum, particularly avgas, the independents are after government guarantees to build modern high-octane equipment into their plants. Thus, they figure they'll be in better shape when octane competition rolls around again.

Throughout industry, there are other production jobs that just aren't economic in any normal economy. These also have to have big government help—something more than government-guaranteed loans and five-year amortization.

• **Tools**—The Administration's tools for financing expansion include about everything used during World War II: direct government loans to war producers through agencies like RFC, premium payments for high-cost production, contracts committing the government to take all that's produced,

and authority for the government to build plants it can't get otherwise.

There's \$600-million already on tap, and \$1.4-billion in the offing, to get things rolling, if the money is needed.

Here are some of the spots that will need this kind of help:

**Iron Ore.** Technically, we're close to large-scale recovery of usable ore from the low-grade taconites of the Lake Superior region, where the end of good Mesabi ores is already in sight. But capital investment required to produce usable ore from taconite runs upwards of \$20 per ton. Open-pit mining of Mesabi ores, on the other hand, takes a capital investment of \$3 to \$5 per ton. Republic and Armco are now planning for a \$60-million investment to produce some 2.5-million tons from taconite (page 92). How can it be economical? Most Washington officials say that government aid will certainly be required.

**Manganese.** This is one of our biggest, most immediate shortages. All domestic supplies are low-grade, expensive. So the government is already at work on a \$600,000 pilot plant for manganese at Artillery Peak, Ariz. This is a project that will take millions when it's ready to go full scale.

Similarly, there are plans afoot for recovery of manganese from steel-plant slag.

**Other nonferrous metals.** Copper, especially, is tight. Producers here are looking for premium-price plans (government subsidy) to get the metal out of deposits that can't be worked on any other basis. This premium-price mechanism was successfully used during World War II.

Other potentially scarce materials are being lined up, too—low-grade mica, for instance, from North Carolina.

• **Where To Go**—Where does a producer go to apply for these government benefits? The answer is all over town. If you get turned down one place, you can try another.

Generally speaking, you can see where your first stop should be: minerals, power, and petroleum at Interior; food, fertilizer, and farm machinery at Agriculture; military supplies at the appropriate service; general government supplies at General Services—and just about everything else at Commerce.

At this stage of the game, however, you won't get much satisfaction if you come to Washington looking for information about loans or loan guarantees. None of the agencies is ready to move, and they won't be for some time.

But the expansion policy and program is nonetheless real. It's been handed to the President by Congress—and Truman and his men are getting ready to push it as hard as they think they have to.

## Scarce Soda Ash

**Three-month strike due to end, but even capacity production won't make up 630,000-ton deficit for chemical industry.**

The strike song in the soda-ash industry seems to be ended. But the melody will linger on.

Indications are that by the week's end, 3,000 striking Solvay workers would accept a 10¢ hourly raise, with another 5¢ more next June. The same pattern is also expected to end the strike at Diamond Alkali's Painesville (Ohio) plant, where members of the United Mine Workers' catch-all District 50 have been out for three months. Wyandotte Chemicals Corp. workers have already returned to work.

• **Another Think**—So far, so good. But if the myriad manufacturers who use soda ash, caustic, and chlorine think the strike-born shortage is ended, they have another think coming.

Before the strike, the soda-ash industry was running at from 80% to 85% of capacity. Chances are that post-Korea needs would have speeded this up to 90%. At this rate, best estimates are that the strike cost about 630,000 short tons of production. And that loss will probably be a net deficit for a long time to come.

From the time the strike ends, it will take from 10 days to two weeks to get production started. Not before mid-October can full production be expected. Current needs of industry and the military will certainly absorb ca-

capacity output for a long time to come. Even without the war-born increase in demand, it would probably have taken a year to make up the deficit. As it is, the deficit is here to stay.

• **Layoffs**—That deficit is no mere book-keeping gimmick to the soda-ash users who have had to curtail operations.

Hardest hit have been the glass manufacturers—and their customers in the food, dairy, pharmaceutical, and beverage industries.

Other sufferers are makers of rayon, textiles, paper, synthetic rubber, detergents, automobiles, and phosphate chemicals. Shortages of chemicals have hampered de-mothballing of military equipment vitally needed in the defense program. Several Atomic Energy Commission plants have announced that the soda-ash shortage would affect work on atom bombs. Even distillers of Kentucky bourbon have been hit—not enough bottles to put their products in.

The trouble began back on June 12 when District 50 called out workers at Solvay plants at Syracuse, Detroit, and Baton Rouge. On July 22, the union struck Painesville, largest of Diamond Alkali's 12 plants. Wyandotte's three Michigan plants followed on Sept. 5.

## Not Much Control In Inventory Controls

The government took its first, halting step toward limiting inventories of scarce materials this week. It wasn't much of a step.

National Production Authority, the new control agency set up within the Commerce Dept., called its first regulation "inventory control." But NPA gave no clear indication of what it would consider reasonable levels of inventories. It threatened fines and imprisonment for violators but admittedly had no staff or machinery to enforce the regulation. About all business got out of the directive was a list of materials the government considers to be in short supply.

NPA conceded its definition of inventory limitation—"the smallest quantity . . . from which a person can reasonably meet his deliveries or supply his services"—was fuzzy. Apparently, it hoped the list of scarce materials would frighten users into going easy to avoid a real crackdown on inventory hoarding.

The materials list included 32 items, most of them no surprise to businessmen. The majority was iron, steel, and nonferrous metals long known to be in short supply; also listed were natural and synthetic rubber, nylon yarn, bur-lap, cotton, high tenacity rayon yarn, lumber, portland cement, gypsum board, and chemicals.



### Metzman in Uniform

This old war-dog is Col. Gustav Metzman, who was recalled to duty a few weeks ago to take over the northeastern railroads seized by the Army. When he takes his eagles off, he is president of the N. Y. Central R.R. His first hitch with the Army came in the same job in May, 1948.



## Auto Make-Do's

With painted trim, black tires only, and synthetic upholstery, auto builders plan to meet materials shortages.

The automobile of late 1951 may look a little drab by this year's standards. It may have painted strips where the chrome used to glitter, and black tires instead of flashy white sidewalls. It may not have a spare. Inside, you'll probably find more synthetic fibers than wool. And under the hood, there may be steel castings in places where you're used to finding aluminum.

A canvass of car makers today shows that most of them are concerned about one or more short materials already. One is worried about steel; another can't get enough wool material for interiors; another has no shortages now but sees lead and copper as the first bottlenecks; another is hard up for copper and nickel.

Steel shortage, potentially the most crippling, is least feared by most builders now. Of course, steel has been the prime bottleneck in car output this year. But looking to the future, auto men see only a slightly tighter steel supply, while they foresee real pinches in other metals, such as copper and lead.

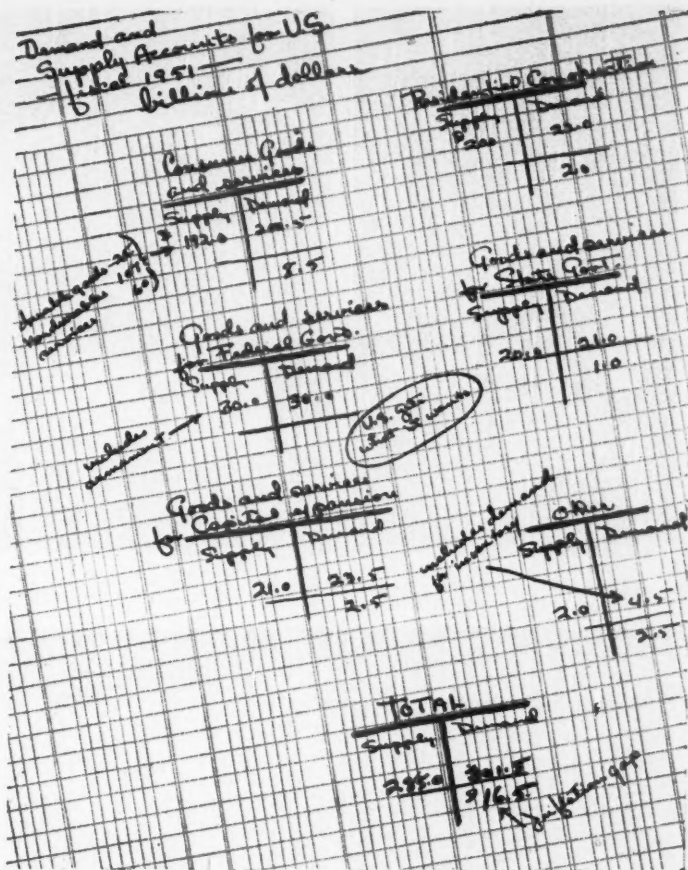
Copper fabricators are already working only a five-day week to spread out the available raw material stockpile. At overtime rates, they found they were using copper up faster than it could be brought out of the ground. As copper gets shorter, it's bound to reduce total auto output. There's no automotive substitute for it. Aluminum and steel got a tryout in auto radiators prior to World War II, with poor results.

Lead supply will also dictate auto output. There's no substitute for lead in storage batteries.

Aluminum is getting tighter, but substitutes are coming in.

Nickel and chrome are now on adequate allocation to auto companies. But against the time of shortage, one company is working out a way to flashplate on stainless steel for trim. But when stainless gets tight, it will have to eliminate bright work altogether.

Rubber is not yet tight, nor is it expected to be a bottleneck, with the government's synthetic plants coming back into operation. Some tire companies are suggesting making car deliveries with four tires instead of five. But car builders see little advantage in that; they point out that a car buyer will buy a fifth tire anyway if there isn't one in the car the dealer sells him. But white sidewalls may be a thing of the past after next year's models come out unless the natural-rubber situation eases.



## Inflation Gap: Scratchpad Version

Between now and next June, the surplus demand that shows on this worksheet will have to be mopped up—by higher taxes, by higher savings, or by higher prices. In that sense, the inflation gap that economists see is something that never will materialize. Like the horizon, it won't be there when you get to it.

Nevertheless, the little T-accounts on the economists' scratchpads give you an idea of how much upward pressure on prices the semimobilization program will generate.

• **Supply, Demand**—The inflation gap is a boomtime concept. As a boom turns into a superboom, demand tends to increase faster than supply. The total that people want to spend on goods and services becomes bigger—at present prices—than the supply.

Unless demand is cut by increased savings, the pressure of this extra demand will drive prices up—until the available supply of goods and services,

valued at the new inflated prices, equals the amount that people want to spend.

Taxes cut demand, thus narrow the gap. Buying U.S. savings bonds—or hiding money in the mattress—instead of buying goods has the same effect. Rationing and price controls—effectively administered—force more savings because they limit spending.

• **\$16.5-Billion**—Looking ahead through fiscal 1951, government economists see a gap of something like \$16.5-billion between effective demand—including government demand for arms—and the supply of goods and services at present prices. The tax bill that Congress has just passed will trim perhaps \$2.5-billion off total demand.

That leaves a gap of \$14-billion or so. That's why the government planners are talking of still higher taxes. And it is why most economists take it for granted that the upward surge of prices has only just started.



**CHERRY-RED** billet rides out of the heating furnace on its way to the piercing mill.



**HOT BILLET** makes a solid path of light as it rolls down incline to piercing mill (center). Mandrel operation, the next step, is under the burst of light in the background.



**PIPE MAKES A PATTERN** on floor of National Tube's new seamless pipe plant. These tubes are 4 in. in diameter, 70 ft. long. They have already been through mandrel and reducing mills and are now

cooling. Next they are to go through straightening and cut-off machines. Then these tubes will go to finishing floor where they will be faced off, threaded, and coupled.



**COOLING SPRAY** dashes over hot mandrel rods after they have been withdrawn from pipes that have gone through mandrel mill. It takes 11 or 12 of these rods, used in rotation, to keep up with the mill speed. Light streaks down from clerestory windows in plant roof.

## Seamless Pipe Mill Runs With No Hands

National Tube Co. turns out 18,000 tons of pipe a month in mill operated mainly by pushbutton and electric eye.

After 20 years of research and an investment of over \$25-million, National Tube Co., a U. S. Steel subsidiary, has developed an almost completely automatic continuous seamless pipe mill at its Lorain (Ohio) works. The mill has been producing pipe at capacity—1,800 tons a month—for a year now, and the bugs are almost all out of the line. So National Tube thinks it's ready to give the public a look at what it has built. Members of the Assn. of Iron & Steel Engineers will get the first glimpse. They'll go on a guided tour of the mill when they meet in Cleveland next week.

• **Good Housekeeping**—One of the first things they are apt to notice is the cleanliness of the plant. It's probably the only steel mill in the U. S. that has ash trays, plainly marked and strategically placed around the work floor, for the men to put their cigarette butts in. The next most noticeable thing is the lack of people. It takes only 350 men, including spell-hands, crane operators, and foremen, to operate the whole line. In place of men, there are hundreds of flag switches, electric eyes, electric motors, and cranes that do their work automatically.

• **Billet-to-Pipe**—Leaving out all intermediate steps, the job that the mill does is to take a cylindrical billet of

steel, punch a hole down the center of it, and draw it out to as much as nine times its original length. The end product is seamless steel pipe anywhere from 2 in. to 4 in. in diameter and from 40 ft. to 138 ft. long, depending on specifications. But it is in the intermediate steps, in the heating, piercing, drawing, reducing, and finishing of the tube, that the new, automatic features—and the interest—lie.

Raw material for the operation comes from National Tube's newly installed blooming mill at Lorain. The mill is engineered to turn out round steel billets, precisely  $5\frac{1}{4}$  in. in diameter and from 3 ft. 9 in. to 14 ft. long. These are heated cherry-red in a rotary-hearth continuous furnace in the pipe mill. From the top, this furnace looks like a doughnut—84 ft. in diameter. The roof and walls are stationary, but the floor of the hearth rotates on tracks, making one complete turn every  $1\frac{1}{2}$  hours. Cold ingots feed into one door of the furnace, lie like spokes of a wheel radiating from the center, and pass through five temperature zones, which bring them up to 2,300F in the discharge zone.

• **Piercer**—A manually operated machine takes the billets from the discharge zone and drops them on skids that guide their roll down to the piercing

mill. This mill works like conventional piercers but much faster. It takes a  $5\frac{1}{4}$  in. round, 8 ft. long billet, rams a hard steel bore down the center of the heat-softened metal, hollowing it out and stretching the billet to  $5\frac{1}{4}$  in. round and 25 ft. long. The piercer head is pushed through the billet at about 30 in. a second. When it comes out the other end, a worker retrieves it with tongs; that's the only place along the entire line where muscle and tongs are required.

• **Mandrel Mill**—From the piercer trough, the pipe is lifted mechanically and rolled to position in front of the mandrel mill. Here a photoelectric cell picks up the light from the still-hot pipe and signals a mechanism that rams a steel bar down the hollow of the tube. With this mandrel bar in it, the pipe rides along between the rollers of the mandrel mill. The rollers outside, working against the mandrel bar inside, squeeze down the outside diameter and wall thickness of the pipe, more than doubling its length. The size of the mandrel bar establishes the inside diameter of the pipe.

The pipe containing the mandrel bar rushes out of the mandrel mill at about 700 ft. a minute. It slams into a flag switch activating a lever which throws the pipe and bar up onto a table. There the mandrel bar is yanked from the shell, returned to the front end of the mill, cooled and used again.

In the meantime, a conveyor carries

the pipe to a reheater furnace where it is softened up for final shaping. The reheat furnace, 68 ft. long and 22 ft. wide, has three heat zones. In the discharge zone, there are two doors, one north, one south. If the pipe is O.K. for size after it leaves the mandrel mill, it passes out the north door to the finishing table. But if it needs further shaping, it passes out the south door to the sizing mill or the reducing mill.

- **Stretch or Squeeze**—Both these mills have 12 stands or pairs of rolls. The only difference in them is that the rollers of the reducing mill are powered and geared so that they rotate progressively faster down the line. The effect of this is to draw or stretch the pipe as it passes between the rolls, since each of them pulls a little harder than the rolls before it. A 62-ft.-long pipe delivered to the reducing mill comes out 140 ft. long, and in stretching this much the diameter of the pipe is reduced considerably.

Rollers of the sizing mill all travel at the same speed. They squeeze down the diameter of the pipe somewhat but do not draw it out much.

From these two mills, the pipe is conveyed over cooling tables through straightening machines to cut-off machines where they are cropped to size and delivered to the finishing floor.

- **Finishing Off**—On the finishing floor, three operations occur: facing off the ends of the pipe, threading the ends, and putting a coupling or collar on one end. All of them are done by machine, automatically. A walking table, carrying two lengths of pipe, places them on the inlet rollers to the facing machine. The rollers carry the two lengths into the machine where they are both faced at once, then carry them out onto the table again. Then the walking table moves the two faced lengths halfway to the threading machine and at the same time, it carries two more lengths in front of the facing machine. When these are faced, the table again advances, putting the first pair of lengths in line with the threading machine, the second pair halfway between, and lining up still a third pair with the facing machine.

The exact duplicate of this operation goes on at the opposite end of the walking table with the opposite ends of the pipes.

Finally, the pipe goes to inspectors and then to a four-headed coupling machine which spins on the collars that are used to link pipe together. After that the pipe is measured, stenciled, oiled, and carted to the warehouse.

- **Has to Be Big**—An exceptionally large market for pipe is the economic secret of such a mill as National Tube's "No. 4 Seamless." To reach top efficiency, the mill must be operated around the clock on a 64-day week.



CONNECTICUT CLAMBAKE for campaigner Prescott Bush (white coat, right) will show up on TV screens. Video screens all over the nation will be full of . . .

## Politics: TV's Latest Feature

Campaigners' faces, as well as their words, now penetrate the voters' homes. Candidates take more and more video time despite the high cost of the medium.

Back in the 20's, when radio burst into bloom, the U. S. had to grow itself a new crop of politicians. The old-fashioned spellbinder was out—unless his voice came firm and compelling from the box in the family living room.

- **Face-Lifting**—Right now it's beginning to look as if politics will need a face-lifting, as well as voice culture. With television growing like a weed, the new question is how does the candidate look—not just how does he sound, or what does he think.

Of course it's easy to overestimate the role of television in this fall's campaigning. But it's just as easy to underestimate it. Television still hasn't reached into a lot of territory; but it's firmly installed in the big cities and the populous areas. And that's where votes—and congressmen—grow thickest. As for future elections, you can even find enthusiasts who think TV will be the whole campaign show.

- **Connecticut**—To see how far television has gone already, take a look at Connecticut. One local newspaper columnist estimates that 500,000 Nutmeggers are reached by television—by sets in bars and hotels as well as in the parlor. And with two Senate seats and the governorship open, both sides are using it for all they are worth.

The lineup of candidates is a natural for showmanship. On the Democratic side is the once-formidable advertising team of Benton & Bowles. Chester Bowles is trying to retain the governorship; William Benton wants election

to the Senate seat to which his former partner appointed him.

- **Movie Star**—This media-wise pair, and their running mate, Sen. Brien McMahon, are using TV to the hilt. But they don't have the state's one station (WNHC-TV, New Haven) to themselves. Running against Bowles is handsome Rep. John Davis Lodge, former movie leading man and a tough man to beat on the hustings. Lined up against Benton is Prescott Bush, long-time director of CBS and a lot of other companies. All the Republicans are planning live television shows.

- **Many States**—Things have gone a long way since 1948, when the Democrats spent only \$18,000 on television to elect Harry S. Truman, compared with the \$700,000 they sank into radio time.

Just two years later, and in an off-year election, television is getting a big political play not only in Connecticut, but in New York, Pennsylvania, Illinois, Ohio, Missouri, and California as well. Michigan and Massachusetts are likely to join the bandwagon, though they have no Senate contests. At least a part of the voters in Utah, Indiana, Washington, Maryland, and Wisconsin will also be able to stay at home and meet the candidates.

Though politics is taking up more television time, the candidates are generally keeping their individual shows short. That's so they won't crowd popular shows off the air—and annoy their constituents. Even California's Rep.



Helen Cahagan Douglas—a former Broadway star and strictly nice to look at—is capably making her pitch quick. It starts with Vice-President Barkley appealing to Californians to perform a public service by electing Mrs. Douglas to the Senate. Then Barkley's face fades, though his voice continues, and Mrs. Douglas's telegenic face appears on the screen.

• **Short and Sweet**—The big-time advertising men in Connecticut are sticking to the short-and-sweet technique. Benton has a series of seven one-minute spots, filmed with the help of his Republican neighbor Chester LaRoche, another advertising bigshot who has deserted to the Democrats to aid his friend.

Benton's GOP opponent, Prescott Bush, is trying another television gimmick—the audience participation show. Carefully screened supporters are brought to the studio to ask questions which Bush answers. Cranks, hecklers, and just plain opponents are kept out.

In Ohio, Sen. Robert A. Taft has borrowed Bush's audience-participation plan. Taft, a crack free-style debater, is at his best with rapid-fire questions. His opponent, State Auditor Joseph T. Ferguson is using an advertising man to handle his television activities.

• **Rep. Nixon**—A glance around the country shows plenty more political television activity. In California, Rep. Douglas is getting a run for her money on the screens from her Republican opponent, handsome young Rep. Richard M. Nixon. Nixon has plenty of television experience, gleaned in connection with his work with the House Committee on Un-American Activities.

In Illinois, Senate Majority Leader Scott Lucas is using a 15-minute film which is a colossal production by 1948 standards. The film includes a plug from Barkley, shots of Lucas presiding over the Senate, and newsreel clips offering before-and-after views of Democratic accomplishments.

Aim of the program is to show that Lucas plays a big part in shaping policies that appeal to farmers, organized labor, and low-income groups generally. Lucas' advisers have not been deaf to research findings which show that the bulk of television sets are found in humble homes.

Other Democrats using TV for campaigning, with the aid of plugs by Barkley, are Sen. Warren G. Magnuson in Washington, and Sen. Francis X. Myers, the party whip, in Pennsylvania.

Myers' Senate opponent, Gov. James H. Duff, is also using television. In Washington, Magnuson is using Seattle's lone station to telecast parts of a 30-minute film produced last January illustrating President Truman's state of the Union message.

TV time has also been lined up by Sen. Millard Tydings (D. Md.), Sen. Elbert Thomas (D. Utah), Sen. Alexander Wiley (R. Wis.), and Sen. Homer Capehart (R. Ind.).

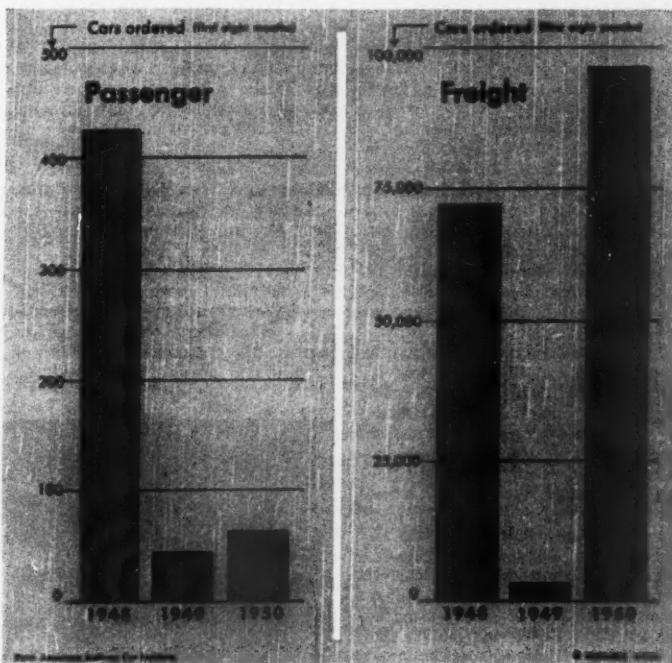
• **Newspapers**—The widespread use of TV threatens to cut deeply into newspaper revenues from political advertising—perhaps not now, but certainly by 1952. Radio should be hit much less, especially as it will for years to come be the only medium for reaching voters in such sparsely populated states as the Dakotas, Montana, Wyoming, and Nevada.

Costs of TV time, and the number of potential voters who can be reached, are controlling factors for politicking. In the New York City area, for example, telecasters have some 1.5-million sets to shoot at. But the rates are the high-

est in the U.S.—about \$200 a minute. • **Other Costs**—There's an added cost when politicians pre-empt sponsored commercial programs. Again, politicians must now dig down for the expenses of dressing up TV shows. They didn't have this problem with radio programs.

Even so, Kenneth D. Fry, radio and television director for the Democratic National Committee, says that the \$200-a-minute New York City rate is well worth the cost. In California, Fry estimates that Los Angeles (seven stations, 650,000 sets) and San Francisco (two stations, 75,000 sets) already reach 75% of the potential television audience in the entire state.

Ohio campaigners can aim their pleas at 260,000 sets in Cleveland, 160,000 in Cincinnati, 105,000 in Dayton, 50,000 in Toledo.



## Freight Cars Boom, Passenger Cars Bust

The Korean war galvanized U.S. railroads into action on their most serious shortage—freight cars. The trouble is that the passenger-car shortage is almost as vital. And, as the chart above shows, there is a striking contrast in orders placed for the two types of car: Up to Sept. 1, 1950, the roads had ordered only 62 passenger cars.

Yet the total supply of passenger cars is way below what it was in 1943. So a major war right now would be rougher on railroad passengers than World War II.

Meanwhile, most passenger-car plants are still busy—either with backlogs of previous orders or with production of military equipment. American Car & Foundry Co., for example, is shifting some passenger-car production lines to tanks. Budd Co., which makes no freight cars, has 83% of its production in automotive work. (Also, Budd got an order this week for 51 passenger cars from Sorocabana Ry. in Brazil.) Pullman-Standard, however, has cut employment in passenger-car shops about 50% from its peak of 6,000 personnel.



# Tight Rein for Housing Credit

**Right from the start, the new controls on housing construction will be tough; higher-cost construction will be hardest hit. Sliding scale of down payments, shorter mortgage terms will do the trick.**

The lid will be down on housing credit—both government and private—as soon as control authorities can decide what and how.

The Federal Reserve Board will have general authority over construction credit (BW—Sep. 2, '50, p. 24). FRB has set up a new real estate credit office to handle the job. Its head is Charles T. Fisher, Jr., president, National Bank of Detroit.

But on residential credit controls, Housing & Home Finance Administrator Raymond M. Foley sits in the driver's seat. FRB will have to have Foley's O.K. on restrictions on housing loans—though Foley, in turn, will have to steer his course in line with FRB directives.

• **Teeth in It**—One thing stands out on this part of the defense program. On housing credit controls, Washington means business. The program aims to keep the housing volume down to a level that the defense economy can support without strain. The basic goal is to shut off inflationary pressure on materials prices and other costs by keeping a firm curb on construction itself.

The teeth will be there right from the start. HHA and FRB agree that it's better to start tough. Soft restrictions might invite a rash of home building to get ahead of tougher controls, encourage the very thing the controllers want to avoid. If the initial restrictions prove too tough, they can be relaxed later.

From the early talks, one other fact emerges. The curbs will be graduated. Higher-cost housing will have the stiffer terms; lower-income purchasers will get off more lightly. In fact, Housing Expediter Tighe E. Woods predicts that, if the war continues much longer, there'll be no new homes costing more than \$10,000 by next spring.

There will be two brakes on housing credit: Down payments will be higher, and mortgage maturities will be shorter. Specific ways and means are still to be worked out.

• **Down Payments**—In fixing down payments, the blueprinters want to keep a financing market open for both private and government-insured loans. To do that, they have settled on sales prices, not valuation, as a basis for down payments.

FHA is afraid that a valuation base might run it out of business. First-mortgage loans by private lenders are

usually limited—by law or otherwise—to 60%-65% of the lender's appraisal of value. And there's no practical formula for figuring uniform control of such appraisals. FHA does have such a uniform control on its insured mortgages. Its appraisals usually run less than sales price—and usually less than a private lender's appraisal. So if you cut down government credit to 60%-65% of a government appraisal, the borrower would get a worse deal from FHA than from the private lender.

• **Set Payment**—The new order will specify what part of the sales price must be paid in nonborrowed capital. A borrower can't turn to a second mortgage to cover his cash requirements; he'll have to certify that he is financing the required part of one deal with his own money.

Down payments will be set on a sliding scale. The talk is of a scale something like this: 10% down payment for properties priced at \$6,000-\$8,000, 15% on \$15,000 houses, 20% for the \$15,000-\$20,000 bracket, and 50% for houses above \$25,000. There may be lower requirements for veterans.

No such uniform regulation will supersede the present restrictions on FHA-insured loans. FHA mortgages

are based on appraised value, not on sales price. So from here on, the amount of cash a home-buyer has to put up will run on a double standard. His down payment will be a specified ratio of sales price; but his FHA loan—if he has one—cannot exceed the usual percentage of FHA's appraisal of value.

Since FHA's valuation appraisals run lower than sales price, FHA might sometimes still be able to insure loans up to the legal limit (90% of appraisal value for lower-priced houses) without bumping into the down-payment requirements. On the \$25,000 house, however, a 50% down payment would be so big that FHA probably couldn't insure the loan to the legal limit.

• **Short Term**—The second brake on housing credit will be regulation of mortgage securities. The favored proposal is to shorten the mortgage term. That would up the owner's monthly payments, leave him with less money in his pocket in an inflationary period.

An alternative method of achieving the same end has been proposed. This is to keep the former maturity period but increase payments during the early years of a mortgage. But this split amortization has a big drawback: too many administrative headaches.

• **Who's Covered?**—The Defense Production Act ruled out construction started before Aug. 3. So, as far as conventional financing goes, the new regulation will hit only housing begun after that date. But the chances are that on government-insured loans the new rule will cover old as well as new housing.



## City Bus Becomes Emergency Ambulance

Latest wrinkle in New York City's civilian defense planning is a regular transit bus which can be turned into an ambulance in an emergency. The Mack bus has special fittings to hold 16 stretchers, which are

stored under the rear seats in normal times. Less severely wounded persons can ride in seats. Extra wide doors make it easy to handle stretchers. New York has 500 of these \$20,000 bus-ambulances.

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# How well prepared is the American oil industry to meet the nation's emergency needs?

ON EVERY HAND, American oil men have been questioned as to the industry's ability to meet the nation's needs in the light of swiftly moving developments. The facts are reassuring.

The American oil industry is better prepared today than ever before to meet any national emergency. Our domestic capacity to produce and refine petroleum has increased around 25 per cent since the peak demands of World War II—during which the Armed Forces of this nation and its Allies never lacked for oil, and all essential civilian needs were met.

In the months immediately ahead, with minor dislocations to be expected, we should be able to furnish all of the military demands for oil products and supply the civilian needs for gasoline and heating oils.

Based on the assumption that the military need for oil will increase only as greater amounts of equipment and manpower are engaged in using it, there should be no demand in the immediate future that the industry cannot readily supply.

As to the long range view, no one can predict with complete accuracy what the military needs for oil products may be. The extent to which we will be called upon to supply gasoline, jet and other aviation fuels, fuel oil, Navy special fuels, and other military requirements for petroleum, obviously depends on the turn of international events.

Although we cannot know all that is ahead, the record of our industry is reassuring. In the five years since the end of World War II, American oil companies have been rebuilding, improving and expanding their facilities and creating a substantial reserve productive capacity.

Compared to the peak war year of 1945, total U.S. crude oil production capacity has been increased 27%, refining capacity has been increased 21%, and proved

crude oil reserves have been increased 24%.

In these five years American oil companies plowed back into their business more than 8 billion dollars for exploration and development and to provide these new facilities—the great bulk of this from operating profits.

This record and the traditional skill and ingenuity of the American oil industry, give assurance that supplies and facilities will be expanded and adapted with maximum speed and efficiency to meet whatever needs may develop, provided that necessary steel and other essential materials are made available.

America's thousands of oil companies owe their continued progress to the fact that they are privately managed and have competed vigorously for the privilege of serving America better.

The key to the strength of the American oil industry is the driving force of competition. This strength must be preserved if the United States is to remain a power for peace. Even with national planning and restrictions, the nation must continue to rely on private management, and although close and full cooperation with governmental agencies is necessary in times of emergency, nothing should be done that will impair the incentive for competition in normal times.

The industry will be able to supply the largest possible volume of our national petroleum requirements if we have the largest possible freedom in our operations.

I know that every oil man shares my confidence that this industry can and will continue its record of meeting every challenge on its own initiative.

Very truly yours,

*Frank M. Porter*

*President, American Petroleum Institute*

Published by Sinclair Refining Company in cooperation with  
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*Nothing  
cramps your smile!*



There's no such thing as that cramped feeling when you go Pullman.

You can s-t-r-e-t-c-h out in your man-sized Pullman bed. You can get up, move around. You can walk to the lounge car, step into the dining car.

And the most wonderful part of all is that you're so safe. Yes, safer in a Pullman crossing the country than you are in your own home. (See what we mean when we say: "Nothing cramps your smile!")

*and a pleasure*  
**It's good business<sup>^</sup> to GO PULLMAN**  
**COMFORTABLE, DEPENDABLE, AND- ABOVE ALL- SAFE!**



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## BUSINESS BRIEFS

**Detroit developments:** Trade reports say LeRoy Spencer may be Packard's next president. Now general manager of the company's California distributor, Spencer becomes Packard vice-president in October. In January he will be executive v.p. . . . Ford will take over the Dodge-Chicago plant, once leased to Tucker, to make aircraft engines. . . . New Nashes out this week have a restyled front, elongated fenders that form vertical fins. . . . Buick may nose out Plymouth for third place in auto sales because of the Chrysler strike.

**Montgomery Ward profits** shot up 90% in the first half on a sales rise of only 3% over the same period last year. In 1949 heavy markdowns cut the company's profit margin.

**Steel output** this week will be the second-largest in history. Production of 1,936,400 tons will be only 4,200 tons short of the mark set in May.

**Appliance prices** went up at General Electric and down at Thor. GE marked up the tag on major items in its line by an average of 9%. Thor cut its automatic ironer about 20% to carry out a 30-day promotion it had planned since early summer.

**Reader's Digest** slapped manufacturers who in ads "have misled readers into believing the Digest has endorsed [their] product. . . ." The magazine hoped "the advertising profession itself . . . will curb the misrepresentation"; otherwise, it says, it has legal steps "under study." Viceroy cigarettes, Minute Maid orange juice, Colgate, and Anahist are a few who have used the Digest name to plug products.

**A new news magazine** for Latin America, called Vision, makes its debut in mid-November. Edited in New York, it will be written in Spanish and will appear every other week. About half the management force are ex-Time employees.

**Truman asked Congress** to set up a civil defense administration. He based the request on a report from NSRB calling for broad preparedness by the states with federal financial and technical help.

**Four new passenger liners** will become troop ships instead. The government ordered the superliner United States (U.S. Lines) and three American President Lines vessels to be finished as Navy troop carriers. All were being built with heavy government aid.

# "Perfect Impression!"

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NEW YORK 22, N. Y.

Dear Sir:

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They should look important, too.

The distinctive typing and the even, clear impressions of an Executive\* model IBM Electric Typewriter command attention, lend grace and dignity to all typewritten work.

Public acceptance proves the IBM Electric is the world's finest typewriter. Surely, you'll want to investigate its many advantages -- almost effortless typing, greater speed, economy, outstanding results, and perfect impressions wherever your letters go.

Sincerely yours,



Only one typewriter in the world could have been used to type the letter reproduced above—the IBM Electric Typewriter, Executive model. Both this model and the Standard model are available in a wide choice of colors and type faces.

**IBM**

## Electric Typewriters

IBM, Dept. H1  
590 Madison Ave., New York 22, N. Y.

- ☐ I'd like to see a demonstration of the IBM Electric Typewriter.
- ☐ Please send brochure.

Name (please print)

Company

Address



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AMERICAN LOCOMOTIVE  
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BELL TELEPHONE  
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DU PONT  
EASTMAN KODAK  
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FORD  
FRUEHAUF  
GENERAL ELECTRIC  
GENERAL FOODS  
GENERAL MOTORS  
GENERAL PETROLEUM  
GLIDDEN  
GOODRICH  
GOODYEAR  
JOHN HANCOCK  
JOHNSON & JOHNSON  
NASH-KELVINATOR  
PRUDENTIAL LIFE  
RELIANCE ELECTRIC  
REPUBLIC STEEL  
STANDARD OIL, IND.  
STANDARD OIL, N. J.  
STUDEBAKER  
U. S. RUBBER  
WEATHERHEAD  
WESTINGHOUSE  
UNITED STATES STEEL

...and many others



An Executive Office by Hauserman at Burroughs Adding Machine Co., Detroit, Michigan

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*...easy to move*

Distinctive and esthetically pleasing environments are provided for all types of non-residential structures by Hauserman *Movable Steel Interiors*. These rich, beautiful, rigid walls and ceilings meet every operation and construction requirement from presidents' offices to shipping rooms. They include movable partitions, railings and enclosures of all types that are interchangeable with each other—matching window-wall wainscot—interior doors—built-in accessories—and acoustical ceilings.

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There are many reasons why Hauserman *Movable Steel Interiors* are used in the smaller as well as the larger buildings in America. Among these advantages are: Rock-bottom Maintenance Costs—Excellent Sound Control—Rigid Construction—Earlier Occupancy—Incombustible Materials—Ease of Adding Wires and Outlets—Ease of Servicing Utilities—Beautiful Colors and Authentic Wood Grain Finishes—Easy to Move.



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# COMMODITIES

## Wool Starts to Tangle

At 20-nation conference in London, U.S., France, and Britain will press for allocation of Australian wool output. Aim: to hold down prices. Wool growers want to keep auction system.

The soaring wool market got another potential boost this week. The Senate Appropriations Committee wrote into the \$17-billion supplementary defense bill authority for the armed forces to buy 100-million lb. of raw wool.

• **Government Market?**—This could be for stockpiling, but the Defense Dept. may also have its eye on supplying small wool manufacturers—those who may have a tough time competing for military orders because they can't meet the sky-high wool prices at the current Australian auctions. In any case, the handwriting is on the wall. The government will be in the wool business a lot deeper before a year is out—either with a big stockpiling program, or, more likely, as a partner in an international wool allocation scheme.

Ever since World War II, the wool market has confounded the experts. The consumption rate has steadily moved ahead of supply. Up until last spring huge war-built stockpiles here and in Britain have kept world price within bounds. But now the stockpiles have been worked off. Result: When the Australian auctions—which set the world price for fine wools—opened recently, prices jumped up to 50% over a year ago (BW—Sep. 9 '50, p. 78). October wool futures, which were bringing \$1.98 on June 21, soared to \$3.00.

• **London Talks**—In London on Oct. 2, the International Wool Study Group—an informal intergovernment organization representing some 20 nations—is sure to hash over the idea of allocating wool supply instead of auctioning it. The U.S. and France will press hard for allocations and a price ceiling.

Under the new Defense Production Act, President Truman has ample authority either to underwrite an allocation scheme or to embark on a big wool stockpiling program. But the producers, particularly the Australians, aren't going to be in a hurry to abandon the open auction system that is now producing such juicy short-run profits for wool growers.

Next June the mechanism that has been controlling the Australian wool market since the war is due to be dissolved. It is the United Kingdom-Dominion Wool Disposals, Ltd., alias Joint Organization. JO was formed in

1945 to dispose of some 3-billion lb. of war-accumulated raw wool, a job that was supposed to have taken a dozen years, but which is virtually completed now. JO's sales helped keep the Australian wool prices from going too high up until now; but JO was a buyer, too. Buyers from JO were present at each auction to start bidding when the price dropped below a fixed level.

• **Another JO**—The Australians with the South Africans and New Zealanders—but not the British—will come to the London talks with a scheme to continue the price floor after JO is gone. They want to set up a reserve fund which the wool growers can use to buy wool when the price threatens to drop below a safe level. Australian growers are already paying in a levy of 7.5% on their sales to build a purchasing fund in anticipation of the plan's adoption. The British, while okaying the idea in principle, aren't ready to join in just yet.

The Australians are bound to ask acceptance of this or a similar scheme before they will agree to allocate their output at a fixed price. They will also probably ask consuming countries to control the use of wool, either through import quotas or otherwise, to be sure fixed-price wool isn't going into non-essential industries.

• **Demand Rises**—U.S. officials doubt that much will be done soon enough to control prices of this year's clip: the Australian auctions close again next June. But everyone agrees that some sort of controls will be needed before demand gets out of hand. U.S. domestic production of wool this year will probably total about 108-million lb. in 1950. Stocks on hand at mills probably are less than 150-million lb., but consumption is running at 425-million lb. a year and rising.

High demand and high prices for wool are incentives for increasing production or finding substitutes. The Army is already making numerous experiments with wool-synthetic fiber blends to try to cut our wool requirements for defense. And Armour & Co. announced success this week in its experiments on injecting sheep with hormones, enabling them to bear lambs twice a year instead of just once.

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## Cotton Comeback

Cotton was surplus a few months ago; now it's short. Demand is unexpectedly heavy. Price is up to 40¢ a lb.

King cotton is making a quick comeback.

Only a few months ago, cotton was a bigger worry to government price supporters than the potatoes. As a result of taking up surpluses, Commodity Credit Corp. was on the hook for 7-million bales for which it had paid almost \$1-billion to cotton farmers.

This week, the price of cotton had soared to 40¢ a lb., up 10¢ from the price a year ago; CCC was merrily selling out all its holdings; and Commerce Dept. clamped export controls on cotton to protect the available supply for military and civilian use at home.

• **Supply Down; Demand Up**—Behind this dramatic about-face is the usual combination of factors: supply is way down, and demand—bolstered by big exports on credit—is way up.

Early this year, price support officials foresaw a mammoth surplus coming with the 1950 cotton crop; it threatened to break down the whole price support program. They took drastic action:

(1) They parceled out to farmers a 6-million acre reduction in cotton plantings; the farmers themselves had O. K.'d this in order to keep getting the government-subsidized price for their crop.

(2) They asked Congress for another \$2-billion to replenish CCC's badly depleted bankroll. In the short space of two years, cotton—and other storable crops—had helped bring the end of CCC's \$42-billion kitty into sight.

• **Supply**—The government's acreage controls on this year's crop were designed to bring cotton acreage down about 23% below last year. But farmers didn't even plant their allotted acreages. Then the boll weevil and bad weather brought harvested acreage down still more—to 31% below 1949.

As a result, cotton production this year plummeted. The 1950 crop, the Dept. of Agriculture predicted last week, will be only 9.8 million bales—about 40% below last year's whopping 16.1-million bales. This smaller crop, added to the 6.5-million bale carryover, as of Aug. 1, makes total supply for the 1949-50 season about 16.4 million bales.

• **Demand**—Just as supply shrunk, demand picked up. The cotton-consuming textile industry was gradually pulling itself up out of the postwar period's deepest, longest, and most-publicized depression. As orders began rolling in a



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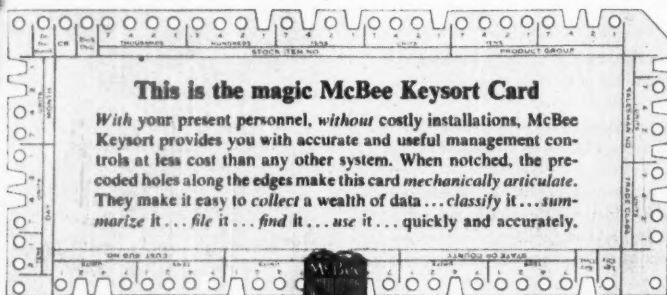
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little faster, bottom-of-the-barrel inventories all through the cotton textile industry were brought back to something like normal. Already, there were shortages of other textile fibers, including rayon, nylon, and wool.

On top of all this came Korea. This meant more military orders. And consumers, remembering too well the shortages of World War II, began laying in supplies of sheets and white shirts.

• **Shortage Ahead?**—Last week, Dr. C. T. Murchison, of the American Cotton Manufacturers Institute, warned of a possible cotton shortage by August of 1951. Assuming domestic consumption for the next year at 9.5-million bales (up from the 8.9-million bales of 1949-50), there would be only 6.9-million bales left for export and for next year's necessary domestic carryover.

Dr. Murchison suggests that the minimum carryover next August should be no less than 5.2-million bales to take care of the industry's requirements while the 1951 crop moves into processing channels. "It is obvious," he said, "that last year's export volume of 5.9-million bales cannot be maintained."

Of course, there are many people in and out of the cotton trade, who doubt that exports will hold anywhere near that level anyhow. One reason is that ECA dollars are likely to be applied against arms or arms-making machinery rather than huge cotton takings. Moreover, the one-third jump in cotton's price may discourage Marshall Plan countries from allocating dollars to the fiber—providing they can find cheaper alternatives.

## NICB Eyes Buying Spree

The wild scramble of post-Korea consumer buying continued through July, according to an analysis by the National Industrial Conference Board. Not until early August, NICB said, did the buying boom taper off at all. Even then, the slackening was partly due to the stores running low on stocks. In three important commodities, NICB found this situation:

• Sugar had the biggest buying run of all. Shipments in July by primary producers to large retail outlets ran 60% over 1949. However, the world supply is good, no shortage in sight.

• Coffee, in tight supply before Korea, had a much smaller run, in part due to high prices. Yet world consumption was ahead of production.

• Soap faced a very spotty buying stampede. One large producer found buying double normal, others found very little increase. Over-all soap sales for the first half of 1950 were off about 10% from 1949, largely due to increasing use of detergents.



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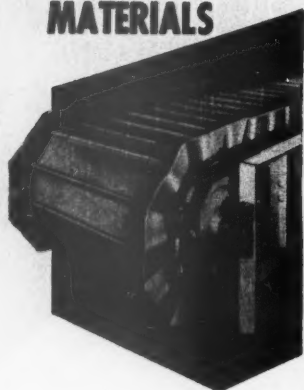


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## Distillers Stock Up

Demand for industrial alcohol steps up as government reopens two synthetic-rubber plants. And so distillers speed liquor production, fearing order to convert plants.

Inventories of all kinds of drinking liquor in the U. S. hit record levels this week, with distillers hunting frantically for more warehouse space. Stocks continued to rise above the July 31 mark of 712,863,159 gal. And according to the Treasury Dept.'s Alcohol Tax Unit, July stocks were already more than 4-million gal. ahead of stocks in June.

• **Conversion**—Reason for the busy stockpiling: The liquor industry is afraid that the government will force it to convert to producing industrial alcohol, as it did in World War II. These fears were spurred last week when it got out that the government is reopening two alcohol butadiene plants for making synthetic rubber.

Stocks of industrial alcohol are already lower than they have been for two or three years. And the price is rocketing. Old customers can still buy industrial alcohol at 45¢ a gal., but new buyers must pay 85¢. The U. S. Army found only one bidder for a 50,000-gal. shipment; the firm, Publicker Industries, Inc., Philadelphia; the price, 75¢ a gal.

• **Shortage**—The alcohol shortage has already caused some scowls in Washington. And it threatens to become acute. Alcohol consumption for synthetic rubber alone now averages 5-million gal. a month. Special military uses like jet fuels and smokeless powder take up a great deal more.

To meet the pinch, defense officials have admitted that they are considering buying the entire Cuban molasses crop. Union Carbide, United Distillers and Publicker between them are reported to have bought 5-million gal. of industrial alcohol from Cuba, with Union Carbide taking the lion's share. Dow Chemical ordered 2-million gal. from Mexico; du Pont, 3-million gal. from Finland.

Reports of the government plan to buy the entire Cuban crop brought a fast squawk from the American Feed Manufacturers Assn. The feed people fear that government procurement on such a huge scale would be likely to force up the prices of both grain and molasses.

• **Steelmen's Words**—In this tight situation, the government's announcement that it was reopening the alcohol butadiene plants came as a bombshell to the beverage distillers. What scared them most was a statement by Dr. John R. Steelman, assistant to the President,

who told Sen. Lyndon Johnson's Armed Services Preparedness (watchdog) Committee: "The Reconstruction Finance Corp., in cooperation with other appropriate agencies, will take such action as is necessary to obtain the alcohol needed to operate these units."

The units in question were:

• The Kobuta (Pa.) plant operated by Koppers Co. for the RFC's Office of Rubber Reserve.

• The Louisville (Ky.) plant operated for the government by Union Carbide.

• **80,000 Tons**—The Kobuta and Louisville plants are expected to make a substantial contribution to the 80,000 additional tons of synthetic rubber that the government wants this year. The initial demand was for 40,000 tons of alcohol butadiene—and this despite the fact that National Security Resources Board experts have admitted that alcohol butadiene runs one third more costly than that made from petroleum gases.

Question is: Will the expanding rubber program mean formal allocation of grain and alcohol to butadiene? The Distilled Spirits Institute, Inc., and Schenley quickly claimed that this would be unnecessary. They pointed to large U. S. grain surpluses and dwindling exports to Europe.

But no liquor distiller can forget that in World War II the government ordered them to convert to industrial alcohol 100%. And they know the same thing can happen again if the squeeze is great enough.

• **Speedup**—With this threat hanging over them, liquor distillers are pushing production of beverage alcohol as hard as they can. August rates have risen far above June's. Stockpiling has taxed warehouse capacity to the limit. One distiller told BUSINESS WEEK that it was no longer possible to find enough warehouse space for even as much as 20-million gal.

The Licensed Beverage Industries, Inc., of New York claimed in August that it would be extravagant to use grain alcohol for industrial purposes. IBI said that between July, 1949, and May, 1950, less than 2.2-million gal. of industrial alcohol were made from grain. This amounted to a mere 0.8% of total production. However, Steelman's announcement made it clear that cost would not be allowed to hinder in any way the government's drive for synthetic rubber.

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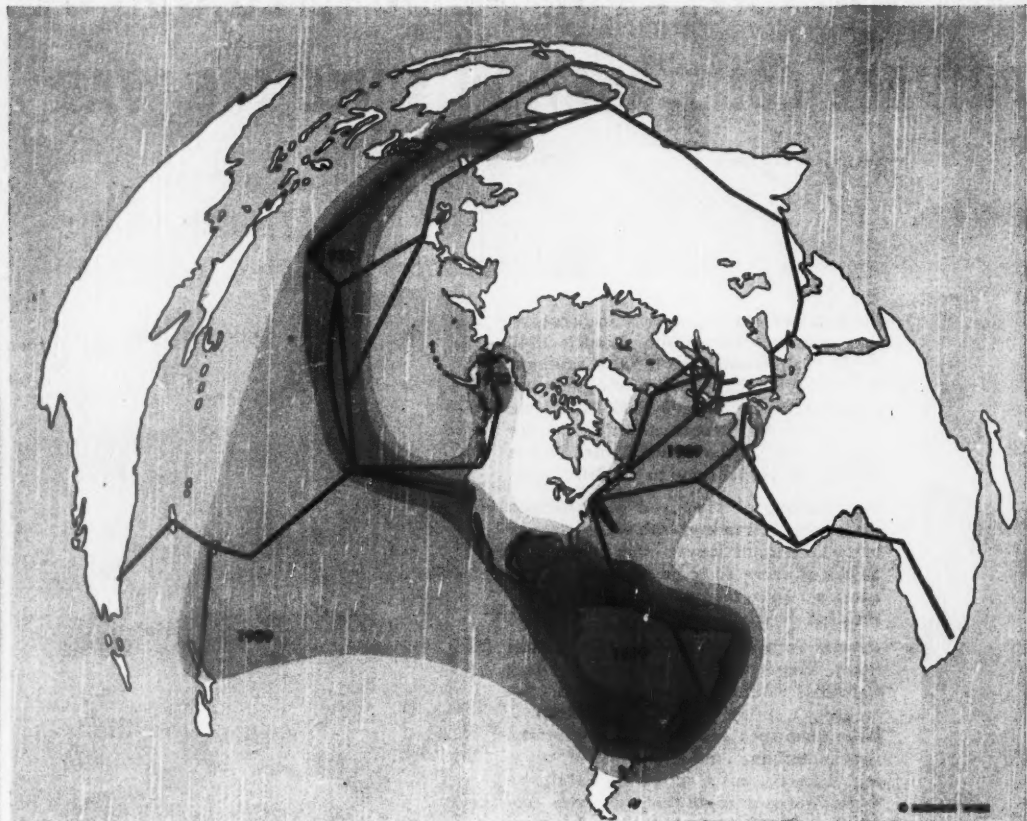
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## Pan American: How It Got That Way

**Absorbing AOA puts newest lines on the net. Trippe's aim was to reduce competition, but he may have intensified it.**

In 1922, aviation was an adventure. In 1950, air transport is a business—big business. And a major share of the change can be attributed to Juan Terry Trippe.

It was in 1922 that Trippe founded his first airline. Its name was Long Island Airways; its job, to fly wealthy Long Islanders out to their Southampton estates; its equipment, three World War I surplus JN-4's (Jennies).

Next week, Trippe's present airline, Pan American World Airways—in many ways, the biggest airline in the world—will become still bigger. It is going to

absorb one of its two erstwhile U.S.-flag competitors for transatlantic business, American Overseas Airlines.

• **Sowing the Seeds**—Trippe has been interested in aviation since, as a boy of ten, he made and flew model planes. He dropped out of Yale during World War I to become a Navy pilot. When he got back to Yale after the war, he organized a college flying club and an intercollegiate air meet.

After Yale, he wasn't happy at being a bond salesman. So when the chance to pick up the Jennies came along, he got a couple of Yale friends to help

back him and started Long Island Airways. The airline didn't last very long; the planes wore out. But Juan Trippe lasted.

His next venture was to help found Colonial Air Transport. It flew between New York and Boston, and Trippe was general manager. In 1926, it got a government contract to fly airmail between those cities and seemed to be well on its feet. So Trippe immediately suggested that the line be extended to Miami. When the amazed directors wanted to know why, Trippe said there were two reasons: to get a corner on the East Coast before anyone else did, and to be all set to expand from Miami to South America. This was pure foresight. But the directors called it "visionary

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thinking" and turned him down. So, in the spring of 1927, Trippe quit.

● **Pan Am Is Born**—It didn't take long to prove that Trippe was right in his prediction to the Colonial directors. Within a few months after he quit Colonial, Trippe was one of the group that formed a new airline called Pan American Airways. By the fall of 1927, it was flying passengers and mail between Key West, Fla., and Havana, Cuba. In 1928, it expanded into San Domingo and Puerto Rico, and in 1929, it bought out a Mexican airline that operated southward from Brownsville, Tex. By the end of the year, it was flying all around the Caribbean.

● **West Coast**—But more important, 1929 also saw the inauguration of South American service. By mid-1928, Trippe's foresight had told him that the West Coast of South America was the next logical step. The Grace Line was firmly entrenched there, with its steamships, hotels, weather services, contacts. So Trippe approached Grace with the proposition that they jointly develop aviation in the Grace territory.

Grace could see the advantage of alliance with a potential competitor. In February, 1929, the two companies set up Pan American-Grace Airways as a jointly owned subsidiary.

● **East Coast**—In the meantime, another U.S. company, NYRBA (New York, Rio, Buenos Aires), with plenty of capital, had been set up ambitiously to fly from New York down the eastern coast of both Americas to Argentina. It had sewed up the Brazilian and Argentine airmail contracts, and others.

Then Trippe got busy. There was a good deal of dashing up and down the East Coast, many conferences, probably some politics, and maybe even a little skulduggery. And a little while later, on Aug. 15, 1930, NYRBA's owners got 75,000 shares of Pan Am stock, and Pan Am got NYRBA—planes, routes, airmail contracts, and all.

The jigsaw puzzle was complete—in three years.

● **Politics**—This first effort to fly U.S. planes commercially through foreign air was beset with political complications. The routes had to be surveyed. Landing rights had to be secured. Bases and passenger accommodations had to be arranged for. Unreasonable demands for service by Latin American governments had to be turned aside—but softly. And European airlines had to be fought.

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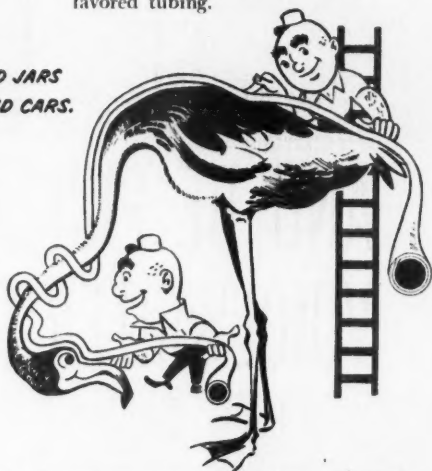


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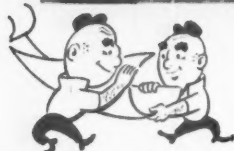


**NOTE** the exclusive patented Bundyweld beveled edge, which affords a smoother joint, absence of bead and less chance for any leakage.



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PRODUCTION ROLLS...NO WASTE, RED TAPE.**

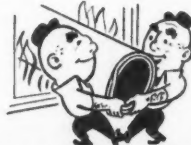
Bundyweld can be formed, flared, tapered, cut, threaded or otherwise fabricated in jig time. The double walls bend more easily, take more bending without weakening structurally. No fancy handling needed, either. Rugged Bundyweld can take production bumps and knocks. You cut corners on production, fabrication time.



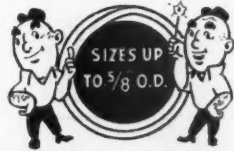
First a single strip of basic metal, is... coated with a bonding metal, is...



rolled twice around into a tube of uniform thickness, then...

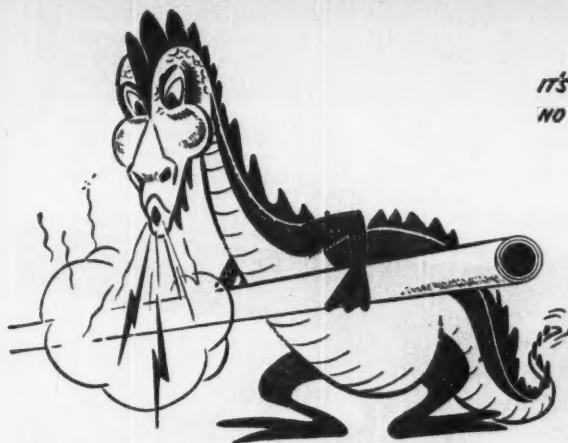


passed through a furnace. Bonding metal fuses with basic metal, presto—



Bundyweld... double-walled and brazed through 360° of wall contact.

# the favored tubing



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# Bundyweld Tubing®

**DOUBLE-WALLED FROM A SINGLE STRIP**

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make sure always to have most of the high cards before he shows his hand.

Physical facilities for South American flights were a big part of the spadework, too. There were almost no airports, almost no radio or weather stations, not enough passenger accommodations (there was no night flying in those days, remember; passengers had to be put up overnight in mid-flight). So Pan Am built them, itself—in contrast, Trippe likes to point out, to the U.S. domestic airlines, whose landing, radio, and weather facilities were mostly built for them by the government.

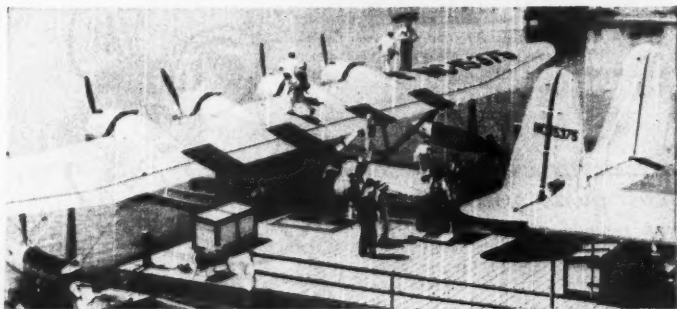
• **New Horizons**—Once Pan Am had completed its circle around South America, its growth slowed up. The next step was obviously the Atlantic. With

this in mind, Trippe had talked with airline officials in Europe as early as 1928. In 1930, he arranged with the British for landing rights in England, but agreed not to fly the Atlantic till the British were ready to start, too. In 1931, Pan Am started airmail service between Boston and Nova Scotia, to gain experience on the northern great-circle route to Europe. In 1932, it got landing rights from Iceland, and in 1933 got Denmark's permission to send an expedition to study flying conditions in Greenland.

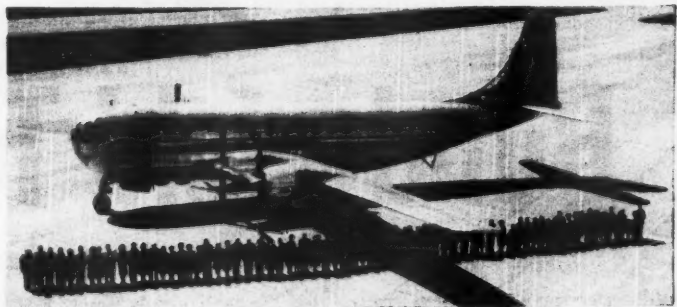
But late in 1934, when everything seemed set and the first of the big M-130 flying boats was delivered, Trippe announced that, in deference to his agreement with the British, he



**FROM LANDPLANES:** In 1927, Pan Am used a Fokker F-7 on its first flight.



**TO SEAPLANES:** In 1935, the Sikorsky S-42 pioneered the transpacific route.



**TO LANDPLANES:** Today the Boeing Stratocruiser is the pride of Pan Am's fleet.



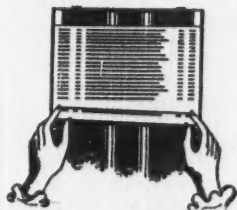
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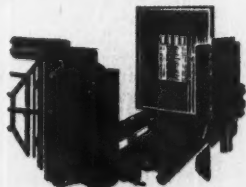
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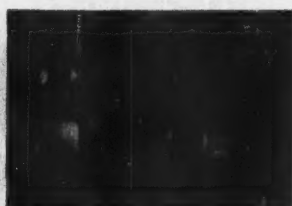
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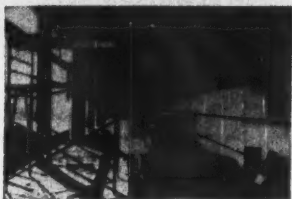
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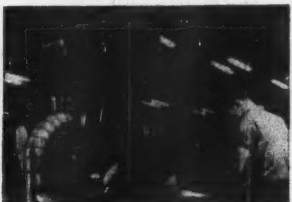
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was going to conquer the Pacific first. He had been quietly conducting route surveys there since 1932.

The route surveys had discovered the existence of a couple of islands that the U.S. government, up to that time, wasn't even sure it owned: Midway and Wake. So in March, 1935, Trippe got permission to use those two and Guam for landings, as way-stations between Honolulu and Manila.

• **Shipload**—But landing rights were only the beginning. Wake and Midway were bare coral atolls; Guam, although a Navy base, had no air transport facilities. Neither did Honolulu or Manila. So Trippe chartered a steamer and loaded it with—among other things—two complete villages, five air bases, 44 airline technicians and a construction crew of 74, with enough food to keep them for months. The steamer sailed from San Francisco on Mar. 27. By midsummer, an airway across the Pacific had been built. On Oct. 24, the Post Office Dept. awarded Pan Am the transpacific airmail contract. And on Nov. 22, the first M-130 took off from Pan Am's new base at Alameda for Manila, completing the round trip uneventfully on Dec. 6.

There still remained the problem of the final link from Manila to the Asiatic mainland. Shanghai was unavailable, for complex political reasons. The British wouldn't grant permission for use of Hong Kong. But Trippe had another card up his sleeve. In 1933, he had asked the Portuguese for landing rights at the Azores and Lisbon. At the same time, he had cannily asked for Macao, a Portuguese island a stone's throw from Hong Kong. So when the British got balky, he flew to Macao instead. And permission to land at Hong Kong was soon granted.

• **Passengers**—The first flights carried only mail. But in early 1936, the chartered steamer set out again. This time, it carried building materials and complete equipment for three 24-room hotels to be built on Midway, Wake, and Guam. It even carried topsoil so gardens could be put in on Midway and Wake. And Pacific passenger service started on Oct. 21, 1936.

• **And the Atlantic**—Once the Pacific route was operating smoothly, completion of transatlantic plans was almost an anticlimax. Both Pan Am and the British airline started service between New York and Bermuda in June, 1937. Pan Am's first transatlantic flight took off from Long Island on May 20, 1939—via the Azores to Marseilles. Soon after, the first flight was made on the northern route, via Newfoundland and Iceland to Southampton, England. The British started service at the same time.

• **World War II**—Then the war broke out in Europe. It completely upset the

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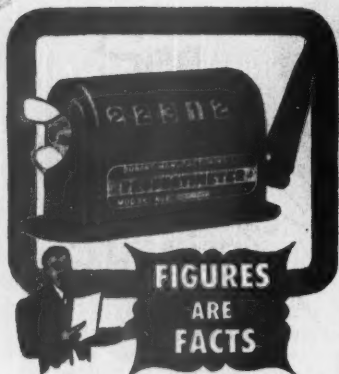
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**PREWAR VS. POSTWAR:** Cockpit of 1937 Boeing B-314, biggest of the seaplanes, still used in 1945, is a model of simplicity compared to the Stratocruiser.



orderly development Trippe had planned. But in the larger sense, the war was the best thing that could have happened to overseas aviation: It condensed decades of development into six years.

With Pearl Harbor, all civilian flying overseas stopped, and the military took over. New routes, dictated by military necessity, were established: Pan Am flew via South America and Africa to India, and it also pioneered the route across the "hump," from India to China.

But perhaps an even more important influence of the war on overseas flying was the impetus it gave to plane development. DC-4's had been in the works since 1934; they were the first ready and were used by the Air Transport Command (as C-54's) in tremendous numbers. Development of the Constellation (the plane that really revolutionized transocean flying after the war) had been started in 1939; it was rushed to completion in 1943 as the C-69. And from the B-29 bomber, Boeing developed the Stratocruiser after the war.

• **Then—Competition**—From Trippe's point of view, the war had an even bigger effect: It destroyed Pan Am's monopoly of overseas flight. Most of the major U.S. airlines flew military routes during the war; even before the war was over, 10 lines had asked for commercial routes across the Atlantic and six across the Pacific.

That was hard for Trippe to take. He has never got along well with the rest of the industry (except for United's Paterson); some industry observers say it's because they know too well—and he knows too well—that nobody is as smart as Trippe. At any rate, Trippe cherished his monopoly, and his major

effort after the war was to find some way to reestablish it.

• **Chosen Instrument**—Pan Am's first move was to oppose the applications by the other lines. Trippe's argument was (and still is) that to compete effectively with foreign airlines, the U.S. government must do as the European governments do—select a single "chosen instrument" airline, and let it carry the ball. Naturally, Trippe thought that Pan Am, due to its experience, should be that chosen instrument.

But when he found that that plan had little chance for success, he shifted his ground and plumped for the "community company" idea. Under this scheme, a federally chartered corporation was to be set up to handle all U.S. overseas flying. All domestic airlines would be stockholders in the new line. And Pan Am itself would go out of business.

Early in 1944, Sen. McCarran introduced a bill to set up such a community company. The fight really got bitter. United Air Lines, which at that time hadn't applied for any overseas routes, joined Pan Am in supporting the McCarran bill. Every other airline in the country opposed it.

• **CAB Steps In**—On Jan 22, 1945, a CAB examiner recommended that transatlantic certificates be awarded to two lines, Pan Am and American Overseas Airlines. (The latter had been set up in 1937 as the aviation branch of the ship operator, American Export Lines. It had started flying the Atlantic during the war on a temporary certificate. Under the law that forbade joint ownership of surface and air transportation, American Export sold control to American Airlines in March, 1944.)

Trippe and McCarran redoubled their efforts—without success. On July



5, 1945, CAB handed down its final decision. Not two airlines, it said, but three would share the Atlantic business. The third was to be TWA, which had got its overseas experience by flying 7,777 flights for the Air Transport Command.

• **Semicompetition**—Each of the three was awarded a zone: AOA via Britain to Germany, Scandinavia, and Russia; Pan Am via Britain and Brussels to Austria, the Balkans, Turkey, and Calcutta; TWA via Paris and Spain to Italy, North Africa, the Middle East, and southern India. And, added CAB, the certificates were to be only temporary; it would take up the whole matter again in 1952. To put a final seal on the decision, the day after the CAB announcement, the Senate Commerce Committee turned down McCarran's bill by a 10-to-9 vote.

That was that. The three lines started service as soon as they could; Pan Am quickly replaced its flying boats with DC-4's and, early in 1946 (at the same time as TWA), with Constellations.

It seemed that—until 1952, at least—Trippie was muzzled. But at the end of 1948, he showed his teeth again—unmuzzled.

• **Bombshell**—Trippie and C. R. Smith, president of American Airlines, announced jointly that Pan Am proposed to take over AOA from American and merge the two lines (BW—Dec.18'48, p31). TWA set up a howl that could be heard from New York to Washington.

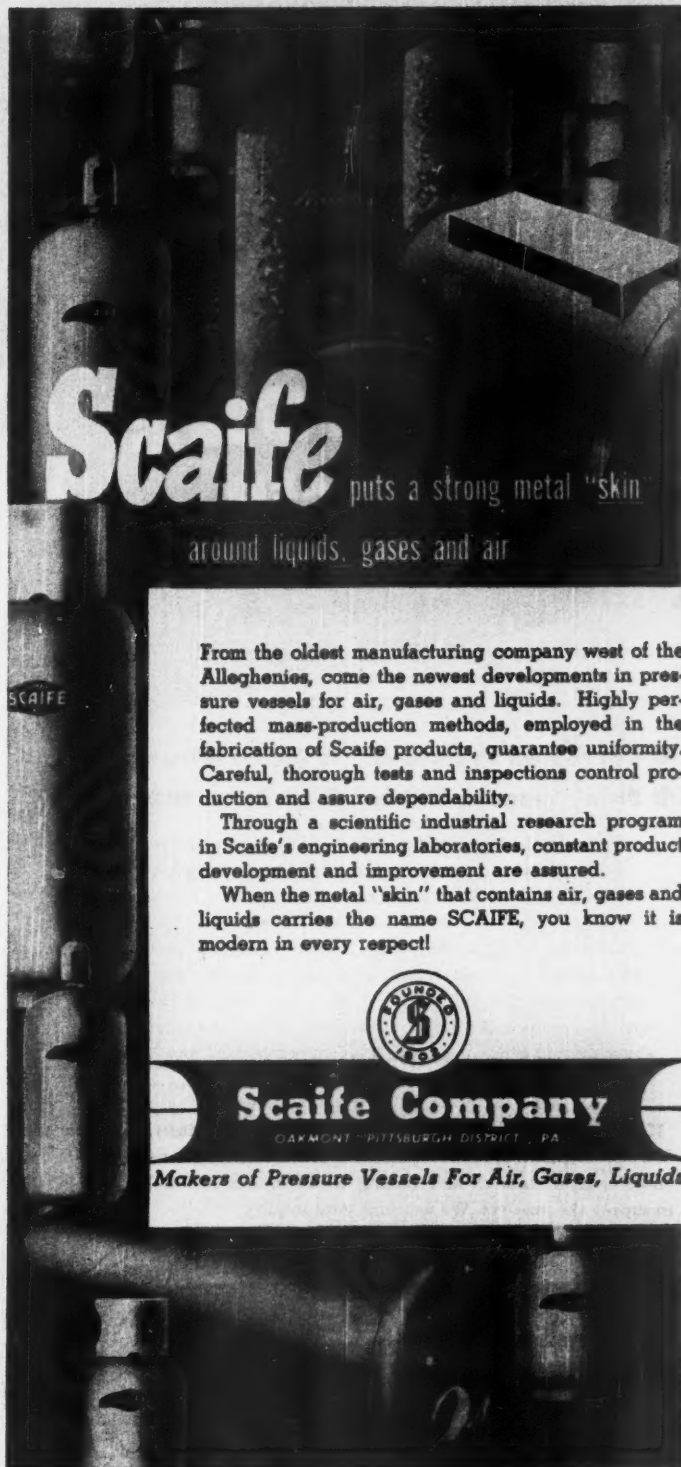
And then red tape took over. CAB held long hearings. Finally, a year after the plan was first proposed, the board's trial examiner recommended that the merger be approved. But the board's public counsel (members of its staff whose job is to represent the public interest) filed a vigorous dissent; so did the Justice Dept. (BW—Jan.14'50,p28).

After that, CAB sat on it for months. It finally decided, by a 3-to-2 vote, to turn thumbs down. Then the action went to the President. After a good deal of wavering, he finally ordered the board to approve the merger—with one change.

• **Direct Competition**—But Truman's change was basic. The original 1945 route decision had set up a pattern of "controlled competition," with each of the airlines competing primarily against foreign lines rather than against each other.

Truman changed this to a pattern of all-out competition between the remaining two lines: He decreed that Pan Am and TWA should both be given access to the four heaviest traffic points in Europe—Paris and Rome (formerly served by TWA alone) and London and Frankfurt (formerly served only by Pan Am and AOA).

Nobody was entirely happy with the




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compromise. TWA had feared from the start that the merger was planned as a step toward squeezing it out and making Pan Am the chosen instrument; it was only partially soothed by its right to fly to London and Frankfurt. And Pan Am's principal purpose in arranging the merger in the first place had been to get sole rights to London and Frankfurt instead of sharing them with AOA; it doesn't think Paris and Rome are worth the price of sharing its pet cities with TWA.

• **The Fight's On**—But that's where things stand now—and, presumably, until 1952. The merger takes effect next week. Both lines hope to start service on the new competitive routes on Sept. 30—although that may be delayed a bit until the State Dept. works out new bilateral agreements with the British, French, and Italian governments.

But the two are not agreed on the battle rules. Their main point of discussion is the matter of fares. Trippe would like to see them lower—much lower—immediately. TWA isn't at all sure they're high enough even now.

TWA says it's just as much in favor of low fares as anybody—if they are justified by the economics involved. But E. O. Cocke, TWA's vice-president in charge of sales, insists that to date nobody has produced any cost figures to justify the cuts. And the men on the North Atlantic Traffic Conference agree with him. (This group, made up of representatives from all the airlines that fly that part of the world, is part of the International Air Transport Assn. and has the last word on transatlantic fares.) Fares are going up about 7% this fall.

• **Volume Operation**—Trippe feels that now that air transport is out of the exploratory stage its future can lie only in volume operation. But, he says, as long as it's high-priced, people will continue to regard it as a luxury. And luxury transportation and mass transportation just aren't compatible.

On the other hand, he argues, once fares are low enough to be competitive with other forms of transportation, the added volume of business will assure profitable operation. To that end, Pan Am has taken the lead in trying to get fares down. It was the first scheduled airline to offer aircouch service—to Puerto Rico, in September, 1948. Since then, it has extended aircouch to all Central and South America.

Trippe would like to extend this to the Atlantic, too. He would like to fly frill-less DC-4's to London for \$475 round trip (present first-class fare is \$630). And he would like to lower that eventually to the point where the average American could afford to go to Europe on his two-week summer vacation. So far, the Traffic Conference has balked him.

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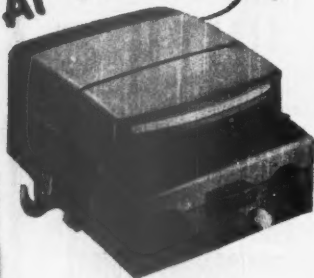
W. P. Day, San Francisco, Architect; Clyde E. Reedy, San Francisco, Consulting Engineer

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First Disc Dictating Equipment

SOUNDSCRIBER CORP., New Haven 4, Conn.

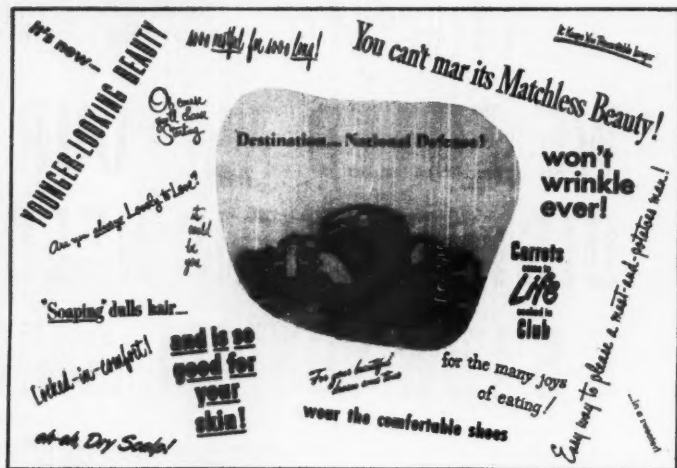
Please send me "Tycoon" Brochure

Name.....

Address.....

230 Sales and Service Centers Coast to Coast

## MARKETING



AD COPY in national magazines shows that, with few exceptions, there is...

## No Change in Selling

So far, the war has left advertising budgets and sales forces pretty much untouched. But there's no way of knowing what will happen when there's less to sell.

If you read only the consumer advertising pages of national magazines, you would hardly know there's a war on. In them, you will find, as before, the ad man's beautiful dream, filled with all the goods that ingenuity can devise and money can buy. There is only an occasional echo of the tumult in Korea.

• **Business as Usual**—And this impression would sum up pretty well what's going on in U. S. advertising and selling today. In a cross-country survey of advertisers, BUSINESS WEEK learned last week that so far Korea has left advertising budgets, sales forces, and selling plans in general almost untouched.

How long this will last is, of course, impossible to tell. At the moment, most advertising men feel cautiously optimistic about the future. But they are waiting for the other shoe to drop. When it does, they will be able to judge their future plans. To hedge against the future, some advertising managers have worked up alternative schedules to use in case of all-out mobilization.

• **Encouragement**—Most of the advice they are getting encourages them in their present course. Printers' Ink, for example, offers in a recent issue a list of 30 reasons why you should keep on

advertising even though you can see an easy market for all your output. Trade papers are filled with horrible examples of what happened in the past two wars when advertisers stopped advertising.

However, some changes have inevitably begun to show up. So far, most of them have been minor—a few changes in copy themes, some shifting about from one medium to another, a tendency on the part of sales managers not to enlarge their sales forces.

Here's the way the picture looks at close range:

### I. Budgets

From both major and minor advertisers, the story is almost universally the same. Few see any reason to cut budgets. This is even true of the appliance manufacturers; they are sticking to their advertising guns even though they are already oversold and on allocations. New York's main advertising agencies tell the same story. They have had no orders from clients to cut schedules.

Some firms are even taking special steps to make sure that the sellers' market doesn't undermine their promotion programs. General Electric, for example, has just sent out an appeal to its distributors and dealers. It urges them



## some of the ways we can help improve your business

Like other capable management executives, you are constantly on the lookout for ways to increase sales and net income. That's business improvement! To achieve these objectives might involve expansion or modernization of production facilities, installation of cost reduction methods, or development of new products and wider markets.

EBASCO is well qualified to help you with such plans. Our specialists have a broad background and experience in the various phases of business operations. They furnish the valuable outside viewpoint so essential to this work. Precious time of your executives will be saved when you call on EBASCO. And this time can be utilized to handle day-to-day problems which must be solved to successfully operate any business.

Regardless of the size of the job, you'll find in EBASCO the ability to get things done quickly and efficiently. And you'll be taking a vital step in improving your business—now and for the future.



... and EBASCO specialists design and construct complete, new plants.

### EBASCO SERVICES

INCORPORATED

NEW YORK · CHICAGO · WASHINGTON, D.C.

*Ebasco Teamwork gets things done  
anywhere in the world*



Appraisal	Industrial	Rates &
Budget	Relations	Pricing
Business	Inspection	Research
Studies	& Expediting	Sales &
Consulting	Insurance	Marketing
Engineering	& Pensions	Systems &
Design &	Office	Methods
Construction	Modernization	Taxes
Financial	Purchasing	Traffic

We will be glad to send you "The Inside Story of Outside Help," a booklet describing the many EBASCO services available to you.  
Address Ebasco Services Inc., Dept. C, Two Rector St., New York 6, N. Y.



## OREGON'S CANNING INDUSTRY SERVES NATION'S MARKET...

*And Makes Richer Oregon  
Market for Your Product*

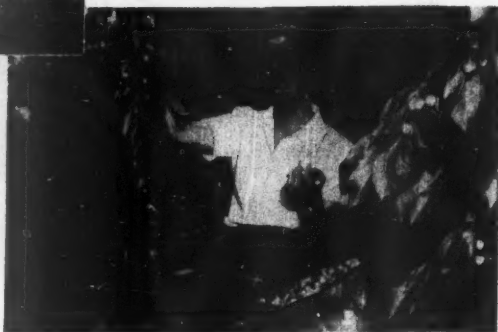
### Income From Food Canning Increases YOUR Sales Opportunity In The Oregonian

An annual value of more than \$60 million...a payroll of more than \$15 million...almost 13 million cases of fruits, berries and vegetables produced for America's dinner table last year...that's a thumb-nail description of Oregon's vast canning industry.

Cannery payroll dollars are a stable contributor to the great and growing wealth of this dynamic region—wealth which makes The Oregon Market a rich and productive area for sales of *your* product. To most effectively reach the 1 3/4 million consumers in this big market, use the newspaper that's *first* in influence, *first* in circulation (219,442 daily—276,810 Sunday), *first* in advertising—that's The Oregonian.

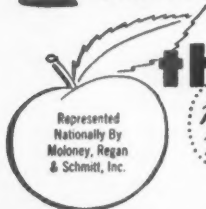


● Oregon leads the U.S. in the packing of string beans. In this plant, which uses a wide range of fruit and vegetable crops, a total of more than 30,000,000 cases of high-quality foods will be produced this year.



● Each year, hundreds of thousands of cases of succulent Oregon cherries tempt the national appetite. A single plant, equipped to can 30,000 cases of food products each 24 hours, handles cherries, apricots, peaches, berries, pears, prunes, beans, beets and carrots. Many of these products command premium prices throughout the nation.

### BUY-WORD OF OREGON FAMILIES



**the Oregonian**  
PORTLAND, OREGON

100th  
year

*The Great Newspaper of the West*

not to cut their advertising efforts. It points out that some appliances now in the scarce column may become more plentiful. It is also worried lest the competition steal a march on it if GE dealers stop advertising.

● **Off Again, On Again**—Only three advertisers reported budget cuts to BUSINESS WEEK. And in one of these cases, the cut has already been restored. A few weeks ago, in the uncertainty following the Korean war, Borg-Warner's Norge Division interrupted its consumer promotion. But now, it is back in full sail.

A second budget-cutter—Skyway Luggage Co. of Seattle—canceled all its advertising for the fourth quarter when buying was heavy right after Korea. It felt that advertising would be "superfluous and an aggravation." But Skyway has changed its mind as a result of disappointing sales at the late-August luggage show in Chicago. Now it's seriously thinking about getting back in.

The third case, that of a large mid-western manufacturer, isn't precisely a cutback. It's a postponement. This company decided to put off the spending of the final 10% or 15% of its budget until next year. The reason—though the company won't admit it publicly—is that it figures that 1950 may be used as a base year for figuring the excess-profits tax. So it wants to cut expenses to establish a high profit for 1950.

● **Straws in the Wind**—There are straws in the wind, though, to indicate that advertisers may change the way they arrive at their budgets, if not the size of them. One West Coast food packer reports that he is keeping his advertising position as fluid as possible by shortening his commitments. He is limiting his forward planning to two months, reviewing his plans monthly. He is afraid of (1) continued rising prices at retail, and (2) the possibility of the government's stepping in and grabbing his whole pack.

A large Wisconsin industrial-machinery producer likewise reports that it is keeping a tighter control over budgets and not scheduling so far in advance. It wants to be on its toes in order to meet changing conditions.

### II. Media

Advertisers have been juggling some with media, but so far no really clear trend has shown up.

The barometer to watch is cooperative newspaper advertising—the ads placed jointly by appliance dealers and manufacturers. These became an early victim in the appliance shortages following Korea. Some newspapers reported that cooperative appliance ads virtually disappeared.

The situation is still cloudy. But it is possible that appliances may still re-

# LYON

Number One  
supplier of  
**STEEL EQUIPMENT**  
to the  
Nation's Industries  
and Institutions

## LYON

**METAL PRODUCTS, INCORPORATED**

General Offices: 918 Monroe Avenue, Aurora, Illinois

Factories: AURORA, ILLINOIS • YORK, PENNSYLVANIA

Sold Nationally through Factory Branches and Dealers

We're glad to  
announce  
that our new  
**YORK, PA.**  
plant is now  
in operation

A PARTIAL LIST OF LYON PRODUCTS

## MAGIC MARKET IN THE NORTH

Here are some facts about Canada's market today.

Canada's population is almost 14,000,000—a ten-billion dollar market. Per capita expenditure on consumer goods and services is \$818—up \$475 in ten years! A new home is completed every six minutes . . . 19 out of 20 homes have a radio . . . 3 out of 5 families own automobiles.

It all adds up to a market picture of potent purchasing power. Can you afford to ignore this market?

Many U.S. businessmen are exploring and developing this market for their products or services with the help of the Bank of Montreal—Canada's first bank. The B of M covers Canada—knows Canada—and puts its knowledge to work for Canada-minded businessmen.

For information on any phase of the Canadian market, write any of our U.S. offices or the Business Development Department, Bank of Montreal, Place d'Armes, Montreal.

\* *Canada*...LAND OF PROFIT-PACKED OPPORTUNITY



**BANK OF MONTREAL**

*Canada's First Bank Coast-to-Coast*

New York --- 64 Wall Street Chicago --- 27 S. La Salle Street San Francisco --- 333 California Street

*Head Office: Montreal*

550 BRANCHES ACROSS CANADA • RESOURCES EXCEED \$2,000,000,000

**CLARAGE**

*Headquarters*

FOR AIR HANDLING AND  
CONDITIONING EQUIPMENT

Meet our  
Application Experts  
in Texas and  
Oklahoma

**DALLAS** — Allen Engineering  
Co., P.O. Box 1211; W. J. Allen,  
R. A. Ryan

**HOUSTON** — Texas Engineering  
Co., 1309 Anita Ave.; A. F.  
Barnes, G. D. Hines

**SAN ANTONIO** — L. S. Pow-  
kett & Co., 810 Insurance Bldg.;  
L. S. Powkett

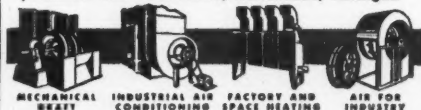
**OKLAHOMA CITY** — Loeffler-  
Groene Supply Co., 1604 N.W.  
5th St.; P. X. Loeffler, Sr., P. X.  
Loeffler, Jr., A. C. Shelley, K. L.  
Sain

... Also Application Engi-  
neering Offices in All Other  
Principal American Cities



Take any type of air handling or conditioning requirement, and it makes SENSE to call in the nearest Clarage Application Engineer. This man KNOWS his business — can give you expert assistance. And back of his recommendations are engineering resources and manufacturing skills unsurpassed in the fan industry. Try Clarage for satisfactory results invariably accomplished MORE economically.

**CLARAGE FAN COMPANY, Kalamazoo, Michigan**



MECHANICAL HEAT INDUSTRIAL AIR FACTORY AND AIR FOR INDUSTRY  
CONDITIONING SPACE HEATING

quire selling, which explains why General Electric and other companies are anxious to keep their cooperative advertising plans going. If many cooperative ads reappear, it will be a fairly accurate tipoff to the whole sales climate.

• **Other Shifts**—There have been other media shifts here and there. Alcoa, for example, made deep slashes in its business and technical magazine schedules because of aluminum shortages, but has not yet touched consumer advertising.

Other shifts may come along as advertisers change their copy slant from sales pitches to more or less institutional messages. Hotpoint, for instance, is taking the stress off "buy now" and putting it on brand recognition. Admiral, having just raised prices, will stop talking price and turn to institutional themes. A major steel company is also switching to the institutional pitch.

### III. Sales Forces

There is almost no talk anywhere of cutting sales forces. But company after company will admit that it is not making any replacements where one of its staff drops out. Others are simply holding sales forces at their present levels.

Of course, salesmen have an important job these days even though they haven't anything to sell. They are once more becoming ambassadors of goodwill, explaining—as a spokesman for the Kenworth Motor Truck Corp. put it—"why delivery is going to be longer than it was scheduled in the first place."

Other companies use their salesmen as expeditors, to ferret out scarce materials. Still others, like Warner & Swasey, use their sales force to talk to customers to keep them in a frame of mind to buy W&S when its machines are once again easily available.

### IV. Future

Guessing the future would be a tough job. Even for a short-range view, most observers are waiting to see what the first quarter of next year will bring. They point out that what's happened so far doesn't indicate much of anything, since present advertising campaigns were laid months ago. That's particularly true of national magazine campaigns, for which the printing plates alone are made up weeks ahead.

For one thing, advertisers will have to see what kind of an excess-profits tax we're going to get. For another, they will have to feel the public pulse.

Opinion varies widely on individual prospects. Some companies figure that no matter what happens they will be able to go ahead on institutional advertising under a full head of steam. Others say that further shortages of supplies and allocations will force them to start whacking down ad budgets.



## Rexall's Hopes

Chain, still in the red, tries combination drug and grocery stores, along with stepped-up advertising program.

Rexall's giant drugstore chain is making an all-out drive to wipe out the red ink that still is splattered over its books. Justin Dart, Rexall president, still confidently predicts that the company will finish the year with a profit, despite the \$486,821 loss for the six months ended June 30.

Dart bases much of his hopes on two things: (1) An experimental but promising partnership with the grocery business; (2) a stepped-up advertising and selling campaign.

• **Supermarket Drugstore**—On the West Coast, Rexall is experimenting with the combination of its drugstores with grocery supermarkets. In Ontario, Calif., Owl Drug Co.—Rexall's still profitable western branch—went into partnership with the Lucky Star Market. Each put up half the capital; profits will be split 50-50.

Theory behind the experiment is that housewives visit groceries four times as often as drugstores. But once inside the grocery, they will be glad to find a drugstore handy. Combined purchases all go in one basket, are paid for in one lump.

• **More Planned**—If Ontario shows a good volume and overhead record, Owl plans to open 11 similar stores in the West. And Rexall's eastern chain, Liggett Drug Co., Inc., may give the idea a whirl in the East. But the present policy is to go slow and see.

• **Packaged Program**—Rexall's second sales-boosting campaign is a broader and sharper advertising program. Newest gimmick, launched this week, is a packaged top-talent disc jockey program provided at low cost to Rexall's 10,000 independent dealers in the U.S. and Canada. Rexall puts together 260 recorded 15-minute shows a year. For \$4.50 a program, the small-town dealer gets a big-town radio show.

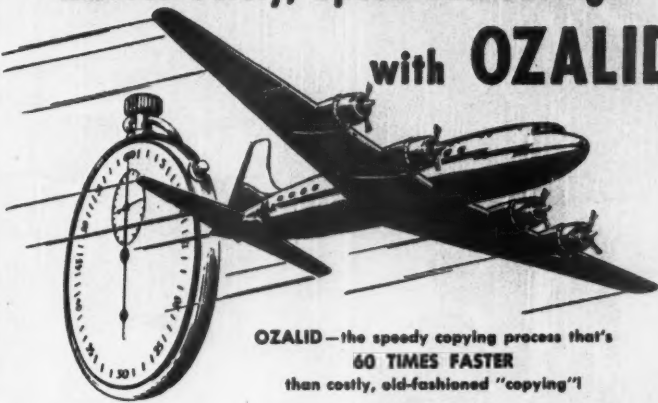
Results of the drug-grocery stores and stepped up advertising won't show for some time. Meanwhile, Dart reminds stockholders that he predicted the loss for the first half of 1950.

• **Red Ink**—In the first half of 1949, Rexall lost \$1,794,142, before tax carry-back. For the whole year, Rexall's net loss was \$1.2-million. The company blamed most of the deficit on losses incurred in the weeding out of weak stores in the chain (BW—Jun. 8 '50, p. 76). However, sales for the first half of 1950 were only \$69,592,656, against \$76,013,542 in the same period of 1949.

## AMERICAN AIRLINES

### Insures Safety, Speed and Savings

### with OZALID



OZALID—the speedy copying process that's  
**60 TIMES FASTER**  
than costly, old-fashioned "copying"!

Ozalid, the world's most versatile copying process, is not only helping to make American's flights *safer, faster*—but is also contributing to the *savings* that are the backbone of efficient operation.

#### SAFETY COMES FIRST

Precise weight distribution means that even ash trays must be exactly located. This requires copies of the slightest changes—which are also sent to the 30 far-flung terminals in the American system. American uses Ozalid for true-to-scale copies...for with Ozalid there's no chance for manual errors, nor distortion caused by "wet" or photographic copying methods.

#### SPEED IS

#### HIGHLY IMPORTANT

American's Daily Operations Report, showing crew and plane arrivals and departures, must be posted by specified

times. Before using Ozalid, this report was often hours late. Now American posts changes on an Ozalid duplicate original...corrected copies are immediately available when wanted.

#### LOWER COST

#### MEANS BIG SAVINGS

For example, one report on all American flights contains mileage data, fuel consumption, flight times and loads. Three copies of each of 46 segments of this report are needed. Ozalid saves American \$82.10 each time this report is prepared.

Like American Airlines, you can probably benefit from Ozalid's versatility in engineering, accounting, scheduling, and countless other fields. Get the full story of how Ozalid can help solve your copying problems—mail the coupon for your copy of "The Simplest Business System," today!

OZALID, Dept. A-8  
Johnson City, New York

Gentlemen: Please send free illustrated booklet that fully explains the Ozalid process.

Name.....

Company.....

Position.....

Address.....

Or call your local Ozalid distributor listed in the classified telephone book.



## Cut Copying Costs... use OZALID

Johnson City, N. Y. • Ozalid in Canada—Hughes Owens Co., Ltd., Montreal  
A Division of General Aniline & Film Corp. "From Research to Reality"

DAILY OVERNIGHT SERVICE

*Ship  
Michigan  
via*



**MICHIGAN EXPRESS, INC.**

GENERAL OFFICE & GRAND DEPOT  
1001 E. Superior Ave.  
CHICAGO 5, ILL.  
CHICAGO & DETROIT & GRAND RAPIDS  
BATTLE CREEK & LANSING  
JACKSON & Kalamazoo & ANN ARBOR

**you have a**

**temperature**

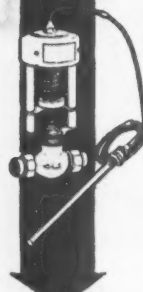
**pressure**

**liquid level**

**control problem?**

Looking for automatic regulating valves, standard or special? Let Klipfel "know-how" work for you. Our engineers are valve men of long experience, but also receptive to your ideas. Our plant is close-knit and fast-moving, with unusual facilities.

Illustrated is a Klipfel Thermostatic Valve, one of many described in Bulletin BW, 449. Ask for your copy.



**Klipfel**

**VALVES INC.**  
DIVISION OF  
HAMILTON-THOMAS CORP.  
HAMILTON, OHIO



CREDIT PLAN for Paterson stores was masterminded by John Biggins (in booth).

## Charge It—With the Bank

Paterson bank offers customer charge plan to small stores. Bank takes all risks, bills store for 8% of credit sales.

Because they can't afford a full-fledged credit department, small specialty stores usually operate on a cash-and-carry basis. That puts them at a disadvantage with their competitors—local department stores and the ever-increasing number of big-city department store branches—who are in a position to extend credit to their customers.

In 1946, John C. Biggins, a consumer credit specialist at the Flatbush National Bank in Brooklyn, began thinking about this. He decided that banks could come to the rescue of the small merchant and pick up a nice line of business doing it.

• **Charge-It**—Biggins developed his idea into a community credit plan called Charge-It. Under his scheme, customers of a number of small stores could charge merchandise and the local bank would step in to take over the credit risk, as well as run the complete credit operation.

Early this month, in Paterson, N. J., the plan went into effect under the sponsorship of the Paterson Savings & Trust Co., where Biggins is now a vice-president. Already 30 small merchants have signed up for the plan, and the number is still growing. Merchants who have come in so far include operators of

shoe, sporting goods, apparel, furniture and other small stores.

Charge-It works pretty much the way any other credit plan does. A customer applies at any one of the participating stores for either a regular monthly charge account, billed and payable in full every month, or a revolving account. Credit limits for both plans are set by the customer on the basis of what he thinks he can afford, plus what the bank's investigation finds about his ability and willingness to pay.

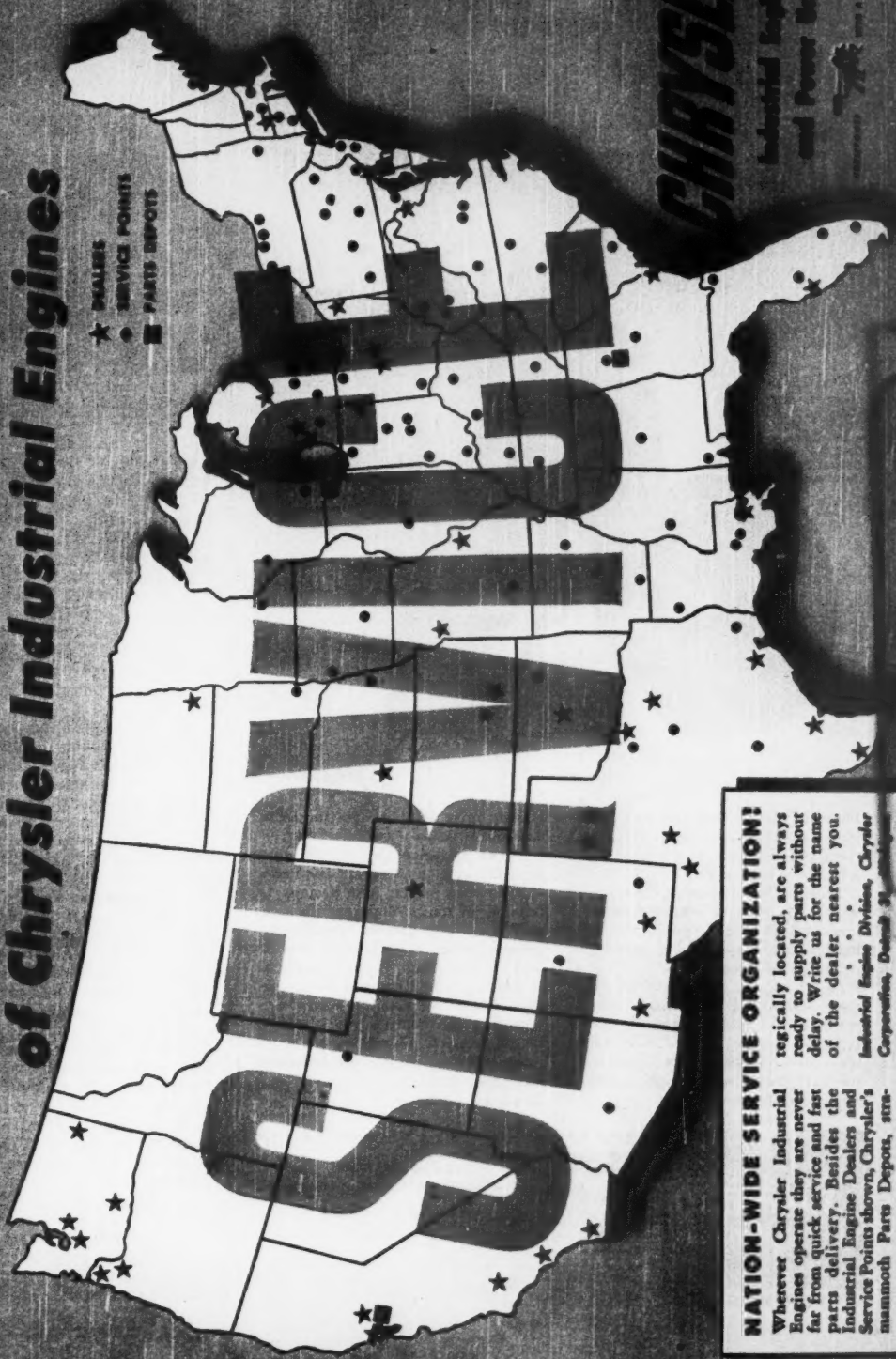
• **How It Works**—Paterson Savings checks the customer's standing with the local credit bureau, then sends him a credit plate similar to the Charge-Plates used by many big department stores. In addition, the customer receives a book of scrip equal to his credit limit for one month.

When a customer charges merchandise, he presents both the credit plate and book of scrip and signs a sales slip—as in any other charge transaction. (Sales slips supplied by the bank carry all information the bank and merchant need for their records.) The clerk removes enough scrip from the book to cover the cost of the merchandise and attaches it to the sales slip.

At the end of the day, the store

# THE GREAT INVISIBLE FEATURE

## of Chrysler Industrial Engines



### NATION-WIDE SERVICE ORGANIZATION!

Wherever Chrysler Industrial Engines operate they are never far from quick service and fast parts delivery. Besides the Industrial Engine Dealers and Service Points shown, Chrysler's mammoth Parts Depots, strategically located, are always ready to supply parts without delay. Write us for the name of the dealer nearest you.

Industrial Engine Division, Chrysler Corporation, Detroit 26, Michigan

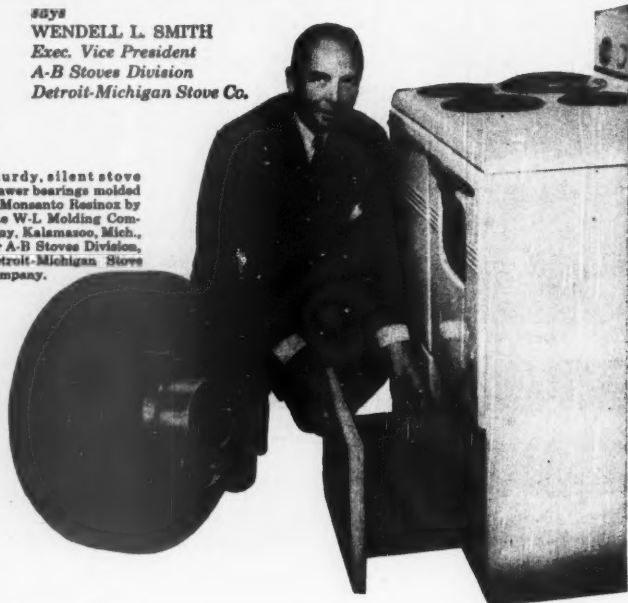
Industrial Engines  
and Power Units

CHRYSLER

# "This phenolic drawer bearing rolled costs back when we scrapped habit-itis"

says  
**WENDELL L. SMITH**  
Exec. Vice President  
A-B Stoves Division  
Detroit-Michigan Stove Co.

Sturdy, silent stove drawer bearings molded of Monsanto Resinox by The W.L. Molding Company, Kalamazoo, Mich., for A-B Stoves Division, Detroit-Michigan Stove Company.



Phenolic plastic bearings molded of Monsanto's Resinox are now replacing metal rollers in the sliding drawer on A-B stoves because:

The new bearings are mass-molded with metal insert included in one operation that requires no additional machining or finishing. They are free-rolling and, with graphite built right in, need no lubrication. Excellent dimensional stability and high impact-resistance of Resinox and its resistance to heat up to 480°F. more than meet all the requirements. Customers like the quieter, easy operation of the new stove drawers.

It adds up to: lower production costs and higher customer satisfaction.

These advantages—in just one product—are but a few of the many that Resinox offers. And Resinox is but one of many Monsanto plastics, each possessing its own special properties that are already being applied to hundreds of products in scores of industries. It will pay you to investigate Monsanto plastics—and learn how they can improve your product, or cut production costs, or add sales appeal. Write Monsanto today—or use the handy coupon.

Resinox: Reg. U. S. Pat. Off.



SERVING INDUSTRY... WHICH SERVES MANKIND

MONSANTO CHEMICAL COMPANY  
Plastics Division, Dept. DP 18, Springfield 2, Mass.

Please send me information on Monsanto Plastics. My product is \_\_\_\_\_

Name, Title \_\_\_\_\_

Company \_\_\_\_\_

Address \_\_\_\_\_

City, Zone, State \_\_\_\_\_

turns the sales slips and scrip over to the bank. The bank checks them and immediately credits the merchant's deposit account with the full amount. (To simplify bookkeeping, all Charg-It merchants carry an account with Paterson Savings.) From then on, it's up to the bank to collect from the customer. Bills are mailed monthly, one bill covering all purchases made in Charg-It stores.

• **Control—Scrip** is the control for the Charg-It plan. Bank officials agree that customers may object to carrying it, but say the plan won't work smoothly without it. Scrip presented at the time of sale means the customer is in good credit standing—there's no need to check back with the credit bureau on it.

There are problems with scrip, though. It's issued in denominations of \$1 and up; often it won't equal the amount of the purchase. Sales clerks are instructed either to collect the difference in cash (up to 99¢) or to take scrip to the next full dollar amount. Either way, the customer is only billed for the amount due on the purchase.

• **Costs—Right now**, Paterson Savings isn't sure how much it's going to cost to run Charg-It, or how many accounts it will need to carry to break even. It's aiming for 2,000 to 3,000 accounts, though, within the next few months.

For the present, merchants pay an 8% fee on each Charg-It sales dollar. That's high, compared with the 4% to 6% it costs to run a big department store credit department. But the bank maintains the merchant gets a lot for his 8%.

In the first place, he doesn't have to investigate accounts or collect bills. He doesn't have to hire additional help to run the credit system, and little bookkeeping is involved. At the same time, he's building sales volume by being able to compete on equal footing with bigger stores that have their own credit plans.

• **Bank Benefits—The bank** benefits, too, by taking over the credit operation. Small loan departments in any commercial bank are a made-to-order credit setup. The bank gets to know its customers and their credit ratings. It has the skilled personnel and necessary bookkeeping equipment to take over the complete operation. And it has a chance to broaden its business by introducing credit to more of its customers.

Biggins has organized Retail Charge Account Service, Inc., as owner of Charg-It. RCAS in turn permits the Paterson bank to operate Charg-It locally. Biggins joined the Paterson bank in 1947 to set up its time-plan department, has just now found time to put Charg-It into operation. As soon as he can, he will work on ways to peddle the idea to other banks.



## **TORRINGTON BEARINGS**

### **pass a tough screen test**

Vibrating screens give a design engineer a tough problem in bearing selection. Satisfied with nothing less than the best screen performance, Allis-Chalmers engineers have devoted years of research in close cooperation with bearing manufacturers to develop precision bearings ideally suited to each specific screen application.

For example, in many Allis-Chalmers Rip-Flap screens, two Torrington Spherical Roller Bearings are used to support the accurately-balanced eccentric shaft that imparts a perfect circle vibratory motion. Many Allis-Chalmers Low-Head screens utilize four Torrington Straight Roller Bearings to support the counterweighted shafts providing the straight-line vibratory motion. The results are high performance and low maintenance in both models.

It may pay you, too, to consult our engineers' special knowledge of all major bearing types in connection with your friction problems.

#### **THE TORRINGTON COMPANY**

South Bend 21, Ind. • Torrington, Conn.

District Offices and Distributors in Principal Cities of United States and Canada



**SPHERICAL  
ROLLER**

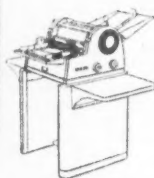
**STRAIGHT  
ROLLER**

## **TORRINGTON BEARINGS**

**SPHERICAL ROLLER • TAPERED ROLLER • STRAIGHT ROLLER • NEEDLE • BALL • NEEDLE ROLLERS**

A black and white charcoal or pencil drawing of a horse lying down, wearing a harness. The horse's head is turned towards the left, and its body is angled. The drawing is signed 'L. 1891' in the lower left corner.

Ask for **free systems survey  
by Ditto business  
engineers!**



**PRODUCTION  
PURCHASING  
PAYROLL  
ORDER-BILLING**



**DITTO, Inc.**  
2285 W. Harrison St.  
Chicago 12, Illinois  
In Canada:  
Ditto of Canada, Ltd.,  
Toronto, Ontario

Ask for a **free** Ditto systems survey of your business. There's no obligation. A qualified Ditto business engineer will make an impartial survey and make definite suggestions. Mail coupon—**TODAY!**

# DITTO

★ ★ ★ ★ ★

★ **Ditto, Incorporated**  
 2285 W. Harrison St., Chicago 12, Illinois  
 ★ ☐ Without obligating me, please contact me and arrange for  
 Free Systems Survey.  
 ★ ☐ Send me specific information about how Ditto can save us  
 money in ☐ order billing ☐ production ☐ payroll  
☐ purchasing ☐ time payment ☐ other (specify)

My Name.....  
Company.....  
Local Address.....  
City.....Zone.....State.....

**Ohio's Valentine act** will be invoked to prosecute producers and distributors who take advantage of the war to raise prices. Ohio corporations that violate the antitrust law may lose charters.



## Landing... by "gas" light

THE MOST PIERCING LIGHT EVER CREATED, flashing out a beam of *over three billion candlepower* to penetrate fog at airports... that's the result of using the rare gas, krypton, with electricity.

Krypton is not burned, as in old style gas lights. Instead, sealed in a glass-like tube no bigger than a pencil, it blazes with dazzling brilliance when high voltage electricity is passed through it.

A truly rare gas is krypton. It occurs in the air in only one part per million. Wrestling commercial quantities of so elusive an element from the atmosphere is an achievement of science and one of the jobs of Union Carbide. Krypton is now used to get 25% more light from fluorescent bulbs with the same amount of current.

Union Carbide is also forcing the air to yield the even

rarer gas, xenon, in quantities that will foster research for important industrial uses.

For over 60 years, the people of Union Carbide have had a hand in creating and improving the sources of light. Carbons for arc lights, calcium carbide for acetylene lights, and the argon gas that gives incandescent lights their brilliancy and economy are products of UCC.

**FREE:** If you would like to know more about many of the things you use every day, send for the illustrated booklet "Products and Processes." It tells how science and industry use UCC's Alloys, Chemicals, Carbons, Gases, and Plastics. Write for free booklet E.



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touch!*

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**DECIMAL POINTS**—in natural position! Conveniently numbered by column.



**FINGER-FORM KEY TOPS**—especially designed to prevent broken fingernails!

## Special features of New Electric Comptometer

**Quiet Automatic Stop-start Motor**—practically noiseless! Special torque for fast operation. No switch—it turns itself on and off! Detachable cord.

**Radio Protection!** Best radio interference control available.

**Three-way Error Control**—when imperfect stroke is made all keys lock except key imperfectly struck. This key stays depressed—a visible evidence of the mistake—and motor gives warning purr. Operator sees, feels and hears mistake!

## Special feature of New Non-Electric Comptometer

**New Revolutionary  $\times \div$  Key**—for faster, more accurate multiplication and division. When  $\times \div$  key at left of keyboard is depressed, operator can complete imperfect stroke without moving hands from position.

Seeing is believing! Call your nearest Comptometer agent today . . . he'll be delighted to give you and your machine operators a demonstration.

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**ADDING-CALCULATING MACHINES**

Made only by Felt & Tarrant Manufacturing Company, Chicago, Ill., and sold exclusively by its Comptometer Division, 1733 N. Paulina St., Chicago 22, Ill.



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FROM LEFT TO RIGHT

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Handle Bar Grips, Fender Welting,  
Vacuum Cleaner Jacket, Garden Hose,  
Molded Dolls, Hair Curlers

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This unique combination of properties may play a big role in your future success. Drop a line to Dept. 1Z-62 for further information. You'll find us most cooperative.



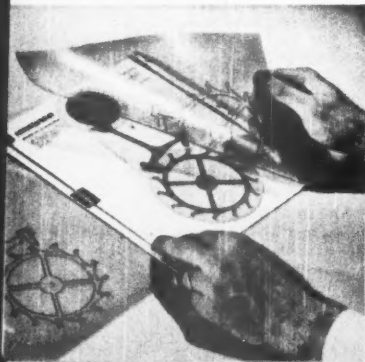
BAKELITE DIVISION

Union Carbide and Carbon Corporation  
30 East 42nd Street, New York 17, N. Y.

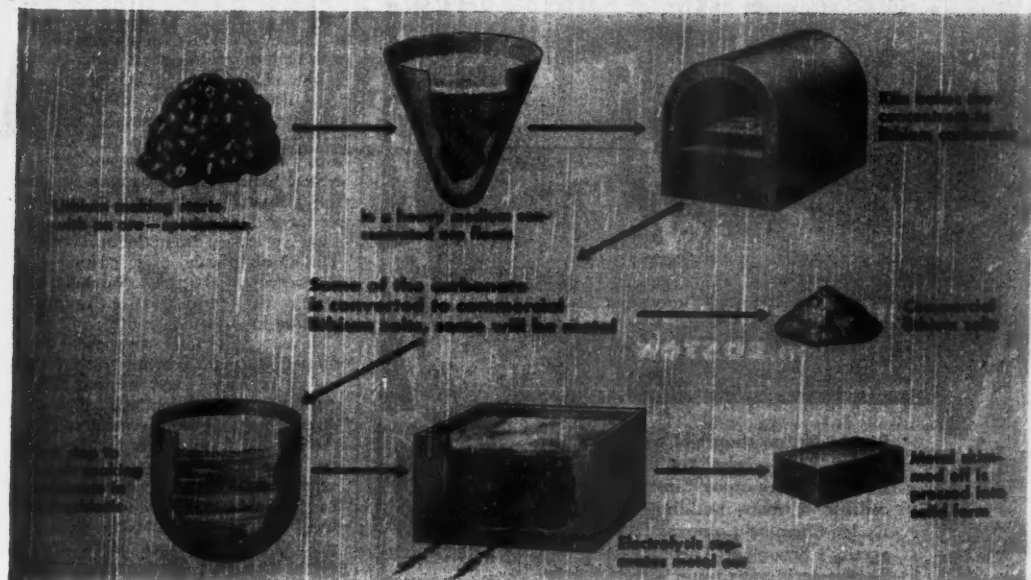
**PRECISION IS THE WATCHWORD** for this watch-maker's scale. VINYLITE Plastic rigid sheet's exceptional dimensional stability make it the accepted material for such exacting applications. By Graphic Calculator Co., 633 Plymouth Court, Chicago, Ill.

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# PRODUCTION



## Lithium's Ever-Growing Role in Industry

Use of the metal in producing tritium for the hydrogen bomb spotlights its value in castings, finishes, air conditioning.

Lithium—once a useless curiosity among the metallic elements—has stepped into the limelight as a star performer in making the so-called hydrogen bomb. The construction of a practical superbomb may rest on lithium's characteristic of capturing bombarding neutrons, and forming atoms of tritium (ultra-heavy hydrogen), which fuel the weapon.

• **New Uses**—But even without any help from the atomic program, lithium's new-found popularity with industrial researchers will snowball in years ahead. New uses are constantly being worked out for the metal. And it's already widely used in castings, porcelain, and air conditioning.

The design of the superbomb is a toss-up between deuterium and tritium, the two materials that could be made to set off a more destructive chain reaction than the uranium bomb. Tritium has the inside track because the high temperature needed for any reaction can be maintained for only a fraction of a second (BW-Jul. 8 '50, p. 58). Deuterium's reaction time, three ten-thousandths of a second, might be fast enough, but few physicists think so. The reaction time of tritium, made from

lithium, is more than 25 times as fast, hence looks like the better bet.

• **Uranium Pile**—Production of tritium starts in a uranium pile. One part in 10 of natural lithium, the raw material, is a special light form called L16. Each time a bombarding neutron from the pile hits an L16 atom, it forms an atom of tritium, plus an atom of helium which is of no particular use. Separated out, refrigerated, liquefied, and packed around a uranium bomb, the tritium theoretically will make a hydrogen bomb.

Present ore sources and future reserves of lithium are healthy. Lithium Corp. of America, the biggest producer of the metal and its derivatives, has proven fields of over one-million tons of ore. Northern Chemicals, Ltd., a Canadian ore contractor for Lithium Corp., has at least another million tons. So, including the assets of other lithium processors such as American Potash Byproducts, Maywood Chemical Works, and Foote Minerals, the industry won't feel the pinch of a scarcity of ore for decades to come.

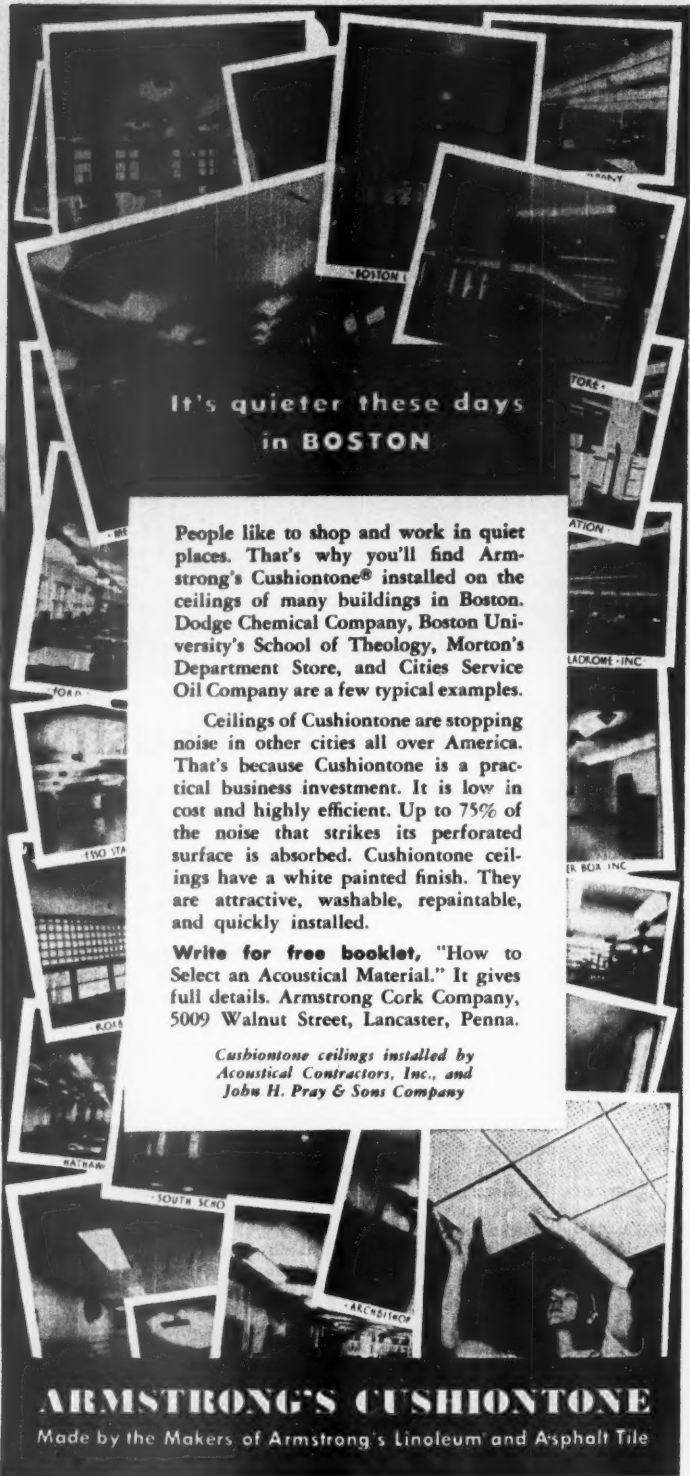
• **Unstable**—Lithium, including its several compounds, is a peculiar element. It has unconventional and unstable

characteristics (for a metal, at least) that make it useful in many different jobs. It is the lightest of all the elements—even light enough to float on oil—yet has a high tensile strength. When mixed with water, lithium hydride, a metallic compound, gives off an abundant volume of hydrogen. In a salt form called lithium chloride, it absorbs moisture from the air just as a sponge sops up water.

Lithium's value as a producer of hydrogen kept processing firms going full blast during the last war. The Air Force needed a compact, quick-acting hydrogen generator for the antenna balloons used with emergency radio sets. A light metal canister filled with lithium hydride did the trick. When dipped into water, the compound released 40 cu. ft. of hydrogen, inflated a balloon that carried an antenna wire aloft.

• **Research**—When the war ended, lithium looked like a casualty of reconversion. Processors, geared for peak production, found the peacetime industrial market only a fraction of annual output. So lithium producers turned to research in their own laboratories and sales engineering with potential customers. This research has been paying off steadily in new industrial applications.

Metallic lithium, for instance, helps



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Made by the Makers of Armstrong's Linoleum and Asphalt Tile

to make better, stronger castings for nonferrous foundries. A few minutes before a casting is poured into a mold, a pinch of the metal is thrown into the heat as a refining agent. Lithium is so chemically active that it combines with such impurities as gases and oxides in the molten metal. Then because of their light weight, the lithium compounds float to the surface and are skimmed off. The result is a casting with a finer grain with less porosity.

• **Steel Scale**—Steel makers too are putting lithium's affinity for gases to work for them. Steel that is heated to 1,600F soaks up oxygen from the atmosphere. This forms a scaly, oxide coating over the surface of the steel. Normally, the scale is removed by abrasive cleaning or pickling in sulphuric acid.

A vapor of lithium can prevent scale formations and eliminate costly cleaning or pickling. Heat treating or annealing furnaces for the steel are equipped with a vapor generator. Heat-carrying gas flowing over the generator causes a small cartridge of lithium to vaporize, picks up the vapor on its way to the furnace. The lithium-laden gas forms a blanket around the steel and protects it from oxygen.

• **Porcelain**—And in porcelain-enameling, lithium helped an industry get into a "cost-blocked" market. Consumers liked the shining white finish of porcelain-enamel, but not its cost.

High production costs arose mainly from the fact that enameling required: (1) specially finished steel sheets; and (2) frits that had to be processed at high temperatures. (Frits are the compounds that fuse to a glasslike coating over a steel base.)

While metallurgists tackled the steel finish problem, frit makers went to work on the development of a cheap, low-temperature coating. Lithium had both economy and a low melting point. Wartime developments had made it available in quantity at about half its former price.

Researchers discovered that lithium mixed with frit acts as a fluxing material among the granules as the frit melts. And much more important, lithium's low melting point makes it easier to handle the steel sheets. Steel's critical heating point is about 1,520F. Above that temperature, it distorts during the enameling process; below, it keeps its original shape. With lithium, the frit is applied to steel below 1,500F.

• **Air Conditioning**—Lithium chloride and bromide salt, derivatives of the element, have been a boon to air-conditioner makers. In a conventional conditioning system, air is drawn through a tank holding the salt in solution.

Lithium has been around the laboratory for a long time. It was discovered in 1817 by August Arfvedson, a Swedish chemist. And a year later, Sir Hum-



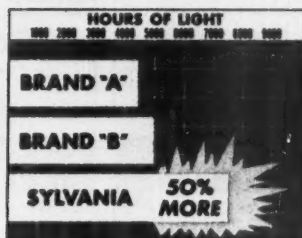
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## How Lithium Serves Industry

Air & Gas Treatment	Non-Ferrous Metals	Ceramics
Lithium Bromide Chloride Nitrate Metal Hydroxide Anhydrous	Lithium Metal Cartridges High Purity Lithium	Lithium Carbonate Manganite Cobaltite Titanate Zirconate Silicate Lithium Minerals
Moisture Absorption Dehumidification Stabilization of Liquid Ammonia Removal of Minor Impurities In Helium Inert Atmospheric Gases Carbon Dioxide Removal	Chrome Bronzes Copper Castings Bronze Castings Nickel Castings Monel Castings Precious Metal Castings Bearing Metals Aluminum Castings Magnesium Alloys	Porcelain Enamels Ground coats and cover coats on steel and aluminum — Lower Temperature Improved Bonding Acid Resistance Pottery Glazes Special Glasses
Atomic Energy	Bleaching	Chemicals & Plastics
Lithium Metal Hydride	Lithium Hypochlorite Peroxide	Lithium Carbonate Succinate Lactate
Proton Production Tritium Production Power Development Atomic Hydrogen	Soluble Stable Solid Bleaching Agent	Lithium Salts Lithium Carbonate Catalyst Preparation Plastics Stabilizers Catalysts
Agriculture	Iron & Steel	Petroleum & Lubricants
Lithium Carbonate	Lithium Metal & Alloys Carbonate	Lithium Metal Hydride Hydroxide Succinate
Tobacco Culture Soil Moisture Retention Fungicide	Nodular Iron Castings Grain Refinement of Steels Desulphurization of Steels	Catalysts Sulphur Removal Low Temperature Greases
Pharmaceuticals		Welding
Lithium Amide Metal		Lithium Fluoride
Antihistamine Products Synthetic Vitamin "A"		Special Fluxes Aluminum Welding Magnesium Welding

phrey Davey isolated the element in metallic form.

• **Carbonate**—To get small amounts of pure lithium, Davey broke down lithium carbonate with an electric current. And except for refinements, the reduction process hasn't changed too much since Davey's time. With present techniques, processors feel that the price won't go much under \$5 per lb.

Lithium's price by weight may be high, but most applications take only trace amounts of the metal or its derivatives.

• **Four Customers**—This year's production of 2-million lb. of lithium carbonate will be split among four general

groups of customers. About 40% will go to ceramics. Petroleum, metallurgy, and air conditioning will each get a 20% share of the remainder.

If the government should go into large-scale production of superbombs, however, civilian customers might feel a pinch of lithium. One superbomb might take as much as five tons of metallic lithium. By returning to the last war's peak supply of 4-million lb. per year of the carbonate, present capacity could turn out about 600,000 lb. of lithium in metallic form. Not all the carbonate would be converted into metal. Some of it would go into compounds for essential industries.

## MAGNESIUM MAKES MANY PRODUCTS BETTER

Example  
DICTATING MACHINES

*Light!*



Dictating machines often travel with business men these days. That makes lightness important. To lighten his product, a leading manufacturer of dictating equipment made extensive use of magnesium on his latest model. The result was a machine incorporating several new features but still weighing 20% less than the previous design.

20% lighter than previous model

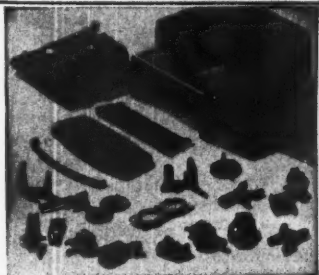
*Durable!*



For all its extra lightness this dictating machine is stronger than ever. The high strength-weight ratio of magnesium makes possible sturdy, rigid construction at minimum weight. By designing to utilize to the utmost this characteristic of magnesium, the manufacturer made a dictating machine that was strong and durable—capable of standing the roughest use.

Lighter, yet stronger than ever before

*made  
with*



Magnesium die castings were a "natural" for this application. The thin sections castable in magnesium allowed maximum weight savings. The close dimensional tolerances possible with magnesium kept machining costs low and the smooth surfaces obtained simplified finishing problems. And finally, these advantages were obtained at a cost competitive with other die casting materials.

# Dow Magnesium!

THE WORLD'S LIGHTEST STRUCTURAL METAL

This is just one case where the proper use of magnesium resulted in a better product. Many others could be cited. Magnesium-light portable tools are easier to handle, easier to sell. Trucking profits go up when lightweight magnesium cuts dead weight, increases payload. Sporting goods, reciprocating machinery, and materials handling

equipment are also improved by this versatile material. Why not investigate magnesium yourself? See what this lightest of structural metals can do to make your product more useful to your customers, more profitable to you. For complete information call the nearest Dow sales office, or write Dept. MG-32 in Midland.

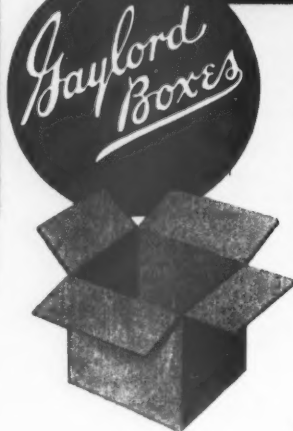


Magnesium Division • THE DOW CHEMICAL COMPANY • MIDLAND, MICHIGAN

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## Grind It Cold

Liquid nitrogen brings down temperatures of materials to a point where they are easy to pulverize commercially.

With many materials, the colder they are, the more brittle they become. Working on that principle, Linde Air Products Co., a unit of Union Carbide & Carbon Corp., popped up last week with a new use for liquid nitrogen, already being widely used as a cooling agent.

Linde says that liquid nitrogen makes a good pulverizing agent. Sprayed on various materials, it cools them to a point where they fracture and grind easily.

• **Shrink-Fitting**—The new process uses the same type of liquid nitrogen as in shrink-fitting, which is now a common method of joining metal parts. The nitrogen can maintain temperatures as low as  $-320^{\circ}\text{F}$ . Linde says that as a liquid its cooling action is faster than solid refrigerants. And because it is inert, it can be put in direct contact with materials. Once used, liquid nitrogen passes off rapidly in the form of gas, which can serve to precool material in the feed hopper, thus adding to the cooling efficiency of the entire system.

• **Cost Factor**—At present, according to Linde, the process is limited to materials where the added cost is not too great a factor. Cost varies greatly depending on the distance the nitrogen must be transported and the quantity needed. It also depends on the type of material to be ground and how fine a grind is required.

Pulverization of ethyl cellulose consumes 1 lb. of nitrogen for each 9 lb. of final grind; a more friable material (like 100% DDT) may require 1 lb. of nitrogen for every 10 lb. to 20 lb. of final grind.

Linde reports effective results with nitrogen cooling in the commercial grinding of plastics (like vinyls, Saran, acrylates); insecticides (DDT and Toxiphen); foodstuffs (mace, nutmeg, coffee, cocoa); and any substance containing vitamin A or carotene (both of which are sensitive to oxidation).

• **The Future**—Further uses of liquid nitrogen are forecast for materials too tough to grind by conventional methods or materials with low melting points which normally overheat under grinding. Nitrogen can also be useful where higher pulverizing rates are desired without increasing plant facilities; where explosive or oxidizing materials must be handled; or where aromatics or volatiles can be lost.



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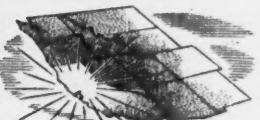
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*Healthy, happy living . . . plenty of room, sun . . . fine schools, recreation.*



*Strategic location in Northern California can put you on the very doorstep of this 20 billion dollar bonanza market.*

## You can best serve all the West from Northern California

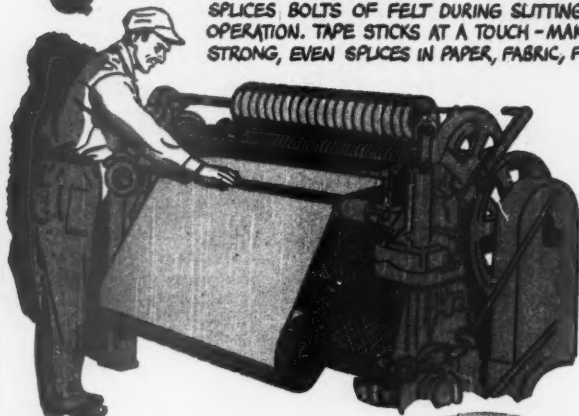
If you're considering the West, consider carefully the advantages of strategically located Northern California. In the last ten years its population has jumped over 50% . . . its individual income is up 202% . . . its cash farm income has grown 217% . . . and the value added to the area's products by manufacturing has climbed fully 206% • P. G. and E.'s \$800,000,000 postwar expansion program, largest in the nation, is nearing completion. By mid-1951 we'll have added nearly 2,000,000 h.p.—doubling prewar capacity—and we'll continue to build ahead of growing demands of the area. Rates are among the nation's lowest. Write to us for exclusive studies of industrial sites in this rich and still-growing area.

# PGE

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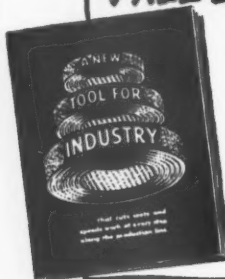
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## INDUSTRIAL TAPES

INDUSTRIAL TAPE CORPORATION • NEW BRUNSWICK, N. J.



Wire-mesh container replaces the mail sack in new "materials-handling" technique developed by Post Office Dept.

## Post Office Planning Eases Road for Parcels

The gremlins who mangle packages are going to have a tougher time when the Post Office Dept. gets its new ideas in mail-handling into practice.

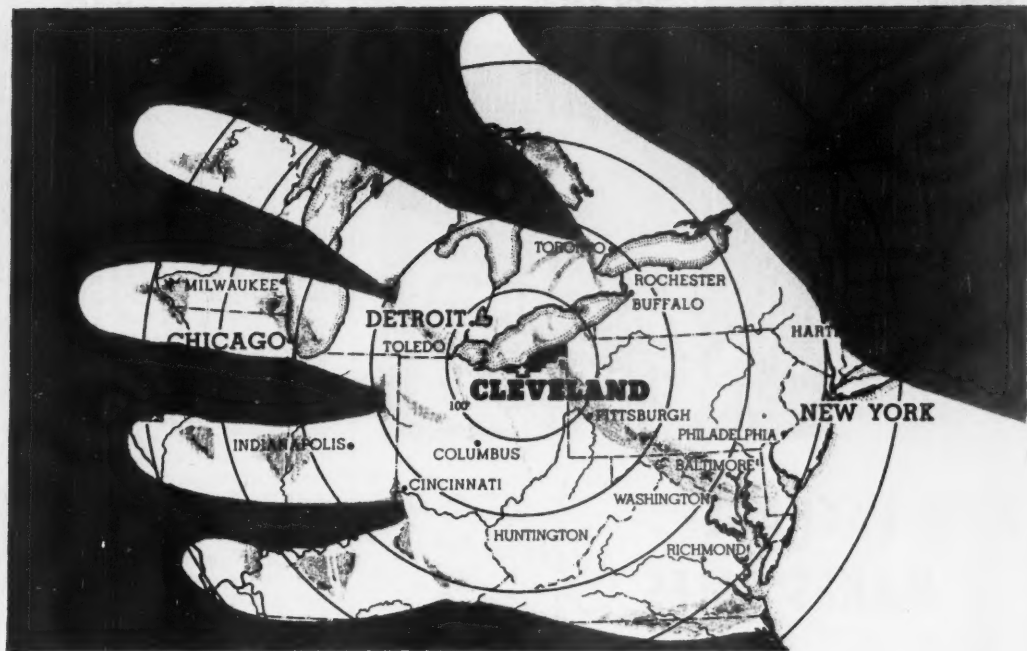
Last week, the Post Office previewed the latest in mail-handling at Union Station, in Washington. The new ideas: (1) Replace the old mail sack with metal or wooden containers that can be handled by fork trucks; and (2) ride the mail in new-type cars. The cars include developments in high-speed passenger car design and are fitted with extra-wide doors for loading and unloading. "Pilot-runs" on the new equipment have been under way on the Pennsylvania Railroad, the New York Central Railroad, and the Atchison, Topeka & Santa Fe Railroad. The Pennsy developed the new rail car.

• **Low Cost**—Officials estimate that the new car can be made for one-quarter the cost of the standard baggage car now used for servicing mail. And the car can be used for freight when it isn't in mail service. It will carry nearly three tons more than conventional baggage cars of the same length.

The metal containers that stack into the new cars are a result of suggestions advanced by the Navy Dept. The use of containers and automatic handling should, theoretically, cut handling costs 50%, according to postal officials.

The metal containers are rectangular: 40-in. wide, 48-in. long, and 36-in. high. They have a 40-cu. ft. capacity. They are designed for easy lifting with truck forks. Wire mesh, steel and expanded metal, and aluminum or wood can be used in their construction.

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- Superlative transportation by land, water and air.
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- Plenty of manpower with the know-how.
- Many producers of parts, materials and supplies.
- Basic materials right at hand.
- Ample financial services.
- Complete business and industrial services.
- Favorable tax structure (no state income tax).
- Diversified industries to supply and be supplied.
- Unlimited fresh-water supply.
- Desirable plants and plant sites.
- Excellent living and cultural environment.

FREE NEW BOOK READY TO MAIL  
Write today for free copy of new 1950 book  
about Northeast Ohio, entitled "*In the Long  
Run, The Short Haul Pays!*" Concise, authoritative,  
written for top management men.



## THE CLEVELAND ELECTRIC ILLUMINATING COMPANY

77 PUBLIC SQUARE • Cherry 1-4200 • CLEVELAND 1, OHIO



"I LIKE THEM 'CAUSE THEY  
STAY FRESH"



## NEW PACKAGE MAKES SALES

# JUMP



The cartons are made on our  
Palmer Carton Former



The cartons are wrapped individ-  
ually on our Model FA and  
bundled in groups of 4 on our  
Model FA-2 machine.

The new Puritan marshmallow package, consisting of four quarter-pound units individually wrapped, has given the Shotwell Manufacturing Company a "freshness" theme in merchandising that is greatly increasing sales. Here again "PACKAGE" had the machines to do the complete job. . . . The cartons are economically made at high speed on our Palmer Carton Former. . . . They are individually wrapped on our well-known Model FA. . . . And are bundled in groups of four on our FA-2 machine.

Big advantage of this type of package is that it insures perfect enjoyment of the marshmallows because the individually wrapped packages keep them fresh until all used up.

This same idea is also being applied to crackers, and here, too, "PACKAGE" has supplied the most advanced of wrapping equipment. Our Model FA, with the new automatic cracker feeder designed especially for wrapping crackers not only counts out the correct number for a quarter-pound unit, but rejects any broken crackers. Its new flexible folding and sealing mechanism prevents breakage in the wrapping process, making large savings for biscuit manufacturers.

"PACKAGE" has the experience and the machines to meet modern packaging needs!

NEW YORK CHICAGO BOSTON CLEVELAND  
ATLANTA DALLAS DENVER LOS ANGELES  
SAN FRANCISCO SEATTLE TORONTO MEXICO, D. F.

**PACKAGE**  
MACHINERY COMPANY

## "Loom" Progress

Early performance of  
Warner-Swasey weaving ma-  
chine scores high at Cleveland  
Worsted Mills.

World War II had not yet ended when Warner & Swasey, Cleveland machine-tool builders, first thought of breaking into the textile machinery field. W&S's president, Charles Stillwell, saw lean years ahead for machine-tool orders. Thanks to war expansion, machine tools were all over the place. And some of them, the turret lathe, for one, were regular workhorses. Once you got one installed in a factory, the turret lathe lasted a long time. The textile field looked like a good bet to fill the expected production gap.

After several years of planning, engineering, and testing, Warner & Swasey is about ready with a big new bid for the textile mills' business. This is the Warner & Swasey-Sulzer weaving machine, based on a Swiss design (BW—Jun. 12 '48, p. 20).

• **Performance Clue**—So far, W&S has been pretty cagey about what its machine would do. Only now are textile firms getting some clues on its mill performance. Cleveland Worsted Mills has a battery of the Sulzers working full time. And W&S has orders for 25 apiece from three other textile companies. It's making about 15 a month.

Louis Poss, president of Cleveland Worsted, is pleased with his new purchases. And since his firm uses 625 conventional looms, Poss should be a good judge. He says that the W&S machine turns out 140 yd. of cloth a day—twice as much as most conventional looms. More than that, he says, the new machine makes textiles that are 50% better in quality than the old-style loom. And it leaves almost no waste behind. CWM can save \$200,000 a year on this item alone.

Poss estimates that once employees are used to the new looms' operation, production will increase anywhere from 10% to 20% further. He wants fast delivery for the 16 looms still on order. He isn't worrying about the \$8,000 each loom costs, though it's \$6,000 more than the average conventional loom.

The Sulzer machine wasn't W&S's first entry in the textile machinery field. Before the loom was ready, the company had come up with two machines designed by New England mills. One was a pin-drafter, which combs out fibers and makes them parallel. The other was the Pacific converter, which eliminates many of the early steps in yarn manufacture. Now W&S is mak-





- Helps attract and hold new employees
- Man-hours are more profitable
- Labor turnover is greatly stabilized
- Meets obligations to employees and their families
- Builds prestige in your community for your organization
- Builds goodwill . . . points up your organization as a good place to work
- Tends to improve work performance of employees by providing prompt and proper medical attention and hospital care when needed
- Automatically provides insurance for management as well as employees, regardless of age or health
- Offers soundest method of meeting today's demands for pensions, at controlled cost
- Enables employer to retire employees to make room for younger, more efficient personnel

A page from "Business and Industry's Best Solution to Employee Security" - second in a series of ads illustrating this new booklet page by page. A request will bring you a copy promptly. We believe you will find it helpful in your thinking about complete group insurance programs for your organization.

### A day with a group insurance salesman

I am a Connecticut General group insurance specialist. I like my work because the results of my efforts are far-reaching and benefit many people even though many of them are people I'll never see or know.

The days are varied and interesting. Every day there are new problems of our clients to be thought about and solved.

On one typical day recently I began my day's work while I was shaving. The last phone call on the previous afternoon had been from the president of a manufacturing concern. He had said to me, "We have been talking about group insurance today and I wish you would come over and see me in the morning, but I'll tell you right now that it's going to be hard to convince me that group insurance will do this firm any good."

I had talked with this president briefly on a few occasions in the past and I knew his viewpoint. He felt that group insurance was just an "extra," so, as I shaved, I thought



about what I would say to him because I knew that if he could once see group insurance in its true light he wouldn't feel as he did. I was determined that I would make him see how group insurance fitted into today's pattern - not just so I could make a sale, but so that I could do some good for him, too.

(Continued in our next ad)

**CONNECTICUT GENERAL**  
LIFE INSURANCE COMPANY  
HARTFORD, CONNECTICUT

# Another big Month in steady MICHIGAN



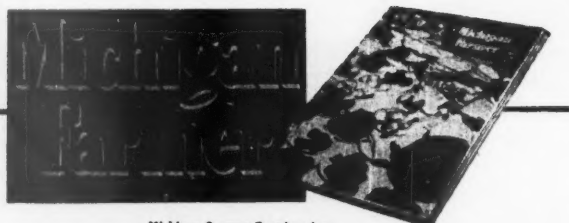
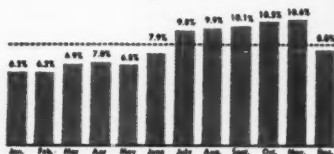
Think of the buying power *that* makes! And that's just for August. Every month is a big farm income month in Michigan. Here, farmers produce a wider variety of crops...therefore, have crops going to market every month. There's your reason for their big, month-after-month buying.

Add up all these advantages—big market...steady market...a market covered by *one* publication—MICHIGAN FARMER. Put MICHIGAN FARMER first in your advertising plans. It's *first* in influence in Michigan.

**Steady Buying Power** Look at the month-after-month steadiness of Michigan farm income. Just as unique is the same steadiness over the last 100 years. Few other states are like it. Two that do match it are Ohio and Pennsylvania, served by THE OHIO FARMER and PENNSYLVANIA FARMER. Ask for the facts on all three. Write to E 1013 Rockwell Ave., Cleveland 14, Ohio.

\*Based on 3-year (1947-48-49) cash receipts from farm marketing.

Source: U.S.D.A. Farm Income Situation.

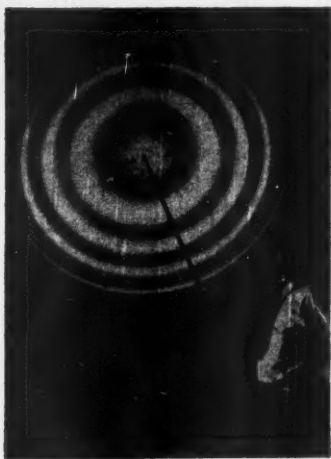


Michigan Farmer, East Lansing  
The Ohio Farmer, Cleveland      Pennsylvania Farmer, Harrisburg

ing 15 pin-drafters and 10 converters a month, has orders booked for seven months ahead.

• **"Shuttleless"**—But the Sulzer machine is more revolutionary. In a sense, it's shuttleless. It has a 2-in. "bullet" that grasps and draws the strand of yarn at high speed through the material. When the bullet reaches the far side of the cloth, it zips back by a conveyor under the cloth to grasp another strand and start the cycle again. It works faster than the conventional shuttle because the conveyor handles more than one bullet at a time, and, therefore, less time is lost on the backward journey.

• **Turnabout**—A few months ago, W&S was ready to make the machine for mill customers and recoup some of its huge investment. Ironically, just as it was set for a bright future in textile machinery, along came the Korean outbreak—and the machine-tool business skyrocketed. W&S is first and foremost a machine-tool builder. Its sales department is wary, now, of accepting textile-machinery orders. Textile-machine projects may be curtailed for the duration of any war emergency.



## Circular "Yardstick"

A special kind of mercury made from gold shines with light of a definite wavelength when bombarded with radar waves. This produces the circular pattern shown above magnified 100 times. By comparing measuring instruments with the wavelength of the light rays, Westinghouse Electric Corp. scientists expect to get a new standard of length, accurate to one part in 40 million.

Ordinary mercury is a mixture of two atomic weights, each producing a different wavelength. Gold bombarded in an atomic pile transmutes into the single-weight mercury used here.

## PRODUCTION BRIEFS

**Price increases** in plastics reflect rising costs of raw materials at Union Carbide Carbon's Bakelite Division. The company jacked its price of all Vinylite and polyethylene resins by 6%.

**Sinks and spigots** will get a once-over in a new research laboratory at Universal-Rundle Corp. Lab facilities will include pilot-plant equipment for duplicating production of vitreous china and cast-iron products.

**Synthetic rubber stepup** has Minnesota Mining & Mfg. and Pacific Rubber Co. taking a contract to run the government's plant at Torrence, Calif. 3M expects to begin operations Nov. 1.

**Chicago's trolley order** for 349 coaches went to Marmion-Herrington Co., Inc. The \$6-million contract is a part of the Chicago Transit Authority's 10-year, \$150-million modernization program.

**More hush-hush radar:** Airborne Instrument Laboratory—a radar maker organized in 1945—reported a backlog of projects totaling \$6-million last week. AIL has just completed a long-term evaluation of omnirange navigational systems for the government's Air Navigation Development Board.

**Firestone plans** a \$5-million tire plant at Des Moines. It will supplement production of Firestone's other Des Moines plant, which was built during the war to make heavy truck and tractor tires.

**Taconite pellets** have worked successfully in blast furnaces of Armco Steel Corp. The furnaces handle charges made up of 70% pellets. The pellets, which are pressed ore concentrates derived from low-grade taconites, are being tried as a replacement for decreasing high-grade Mesabi ores.

**More perlite ore** for Great Lakes Carbon Corp. will be processed into plaster aggregate in a new plant to be operated by Virginia Perlite Co., Hopewell, Va. The lighter-weight perlite can replace sand in plaster making. The capacity of the plant is 20,000 bags a month.

**SKF Industries** is boosting its output of antifriction bearings. The expansion will help SKF prevent shortages in the aircraft and diesel-engine industries.

**Du Pont** has sold its two zinc works. Its smelter went to Meadowbrook Corp., its roaster to New Castle Corp. As a manufacturer of chemicals, du Pont felt that zinc products were outside its field.

## THE SIRVIS BEND TEST



### means greater dependability for your products

Obviously we don't bend steers. But, bending steerhide leather is an important, though simple, preliminary Sirvis test. By flexing leather back and forth, the quality of its fiber structure is determined. Other, more complicated procedures ascertain tensile strength, hardness, water and oil resistance, and other specific qualities. The point is that all Sirvis leather parts are carefully checked at every stage of manufacture to assure you of complete dependability when they are installed in your mechanisms. Therefore, when you need mechanical leather packings, boots, diaphragms or other seals, investigate Sirvis. Solving critical sealing and protection problems has been Chicago Rawhide's specialty for seventy-two years and includes the development of oil seals and synthetic rubber products. C/R will welcome the opportunity to study your needs.

	<p>Sirvis boots, diaphragms and packings are giving dependable service all over the world under difficult operating conditions</p> <p><b>SIRVIS</b></p> <p>MECHANICAL LEATHER PRODUCTS</p>	
<p>More motor vehicles, farm implements and industrial machines are equipped with "Perfect" Oil Seals than any other shaft-type sealing device.</p> <p><b>PERFECT Oil Seals</b></p>		<p>Sirvene molded products are all custom-engineered and custom-built for critical service in aircraft, automotive, and other mechanisms</p> <p><b>SIRVENE</b></p> <p>COMPOUNDED SYNTHETIC RUBBER</p>

Established 1878

**CHICAGO RAWHIDE MANUFACTURING CO.**  
1231 Elston Avenue • Chicago 22, Illinois

## It pays to do business in New York State!

If you sell or buy abroad, New York State offers every facility for expediting imports and exports. The Port of New York and the Empire State's ports on the Great Lakes, St. Lawrence, and Hudson handle nearly half the nation's dollar volume of foreign commerce. In New York City alone, 250,000 people, from bankers to stevedores, are actively engaged in foreign trade. When you locate in New York State, you're in the market place of the world. For more information, write to N. Y. State Dept. of Commerce, Room 111, 112 State St., Albany 7, New York.

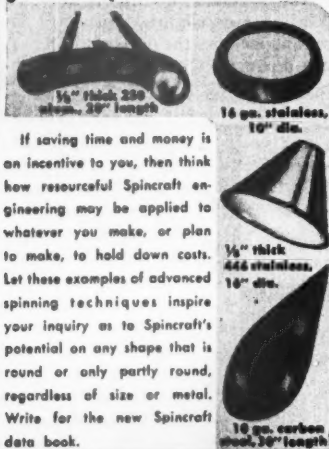
### Spincraft Engineering

THAT WILL DO IT

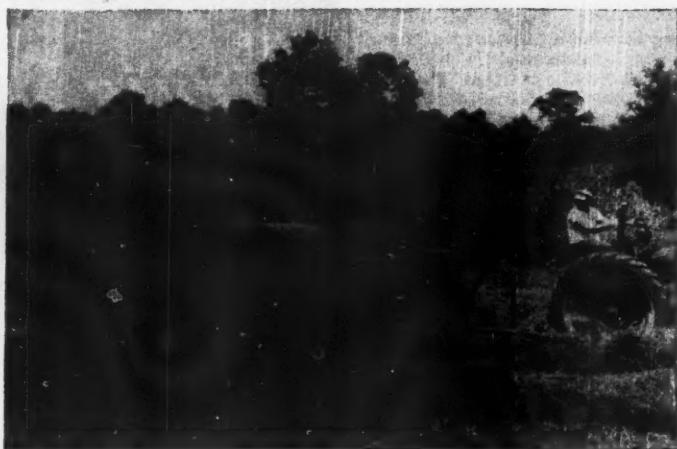
saves expensive tooling costs  
gains days of valuable time

If saving time and money is an incentive to you, then think how resourceful Spincraft engineering may be applied to whatever you make, or plan to make, to hold down costs. Let these examples of advanced spinning techniques inspire your inquiry as to Spincraft's potential on any shape that is round or only partly round, regardless of size or metal. Write for the new Spincraft data book.

**Spincraft Inc.**  
4131 W. State St., Milwaukee 8, Wis.  
Manufacturers of Spinning Equipment



## NEW PRODUCTS



### Hay Baler Packages 10 Tons an Hour

Brainy machine not only does the hard work, it controls bale uniformity and knows when its supplies are running low.

New Holland Machine Co. says its Model 80 farm baler has brains, as well as brawn. Its battery of automatic gimmicks, working together, can package up to 10 tons of hay an hour, according to NHM.

While the farmer drives his tractor, these baling operations are going on behind him:

- A "floating" pickup lifts hay from the windrow. An automatic device then presses and slices the hay.

- A mechanism inside the baler compresses bales weighing more than 100 lb. while they're being tied with wire.

- Hydraulic controls keep bales uniform, no matter whether the crop is heavy or light, damp or dry.

- Twin twistlers spin eight turns in both wire strands that hold bales securely.

- A "warmer" that makes the engine sputter tells the farmer his wire supply is running low.

NHM says the wire-twisting operation takes less than two seconds. Twists reportedly are strong enough to withstand a pull of 285 lb. They're made without any bits of wire falling to the ground where they might possibly injure grazing cattle.

Model 80 is designed for farmers who ship their baled hay or straw. The machine is of all-steel construction, has its own engine to run the baling mechanism, and can be pulled by any two-plow tractor.

NHM promises deliveries early in

1951. But it is not quoting a firm price now because of possible changes in material costs.

• Source: New Holland Machine Co., New Holland, Pa.

### Automatic Oiling Device

It takes time to oil machine bearings by hand. Trico Fuse Mfg. Co. has a multiple oiler—a permanent installation—with a solenoid control that will lubricate up to 20 bearing points at one shot.

You can plug the control into a lighting outlet or connect it across the motor starting switch. While the solenoid control is energized, oil feeds to all bearings.

A master tube (or manifold) holds the oil that is fed by gravity from a reservoir above the solenoid control. Oil valves for the bearings line the side of the master tube. They are placed 1/4 in. above the master tube base, so that oil sediment is trapped. Each valve is adjustable to desired oil flow.

• Source: Trico Fuse Mfg. Co., 2948 No. 5th St., Milwaukee 12, Wis.

### No-Rust Disinfectant

Medical instruments immersed in R.I.C. for cold disinfection won't rust, according to the manufacturers, Clay-Adams Co., Inc., and Professional Specialties, Inc.

The manufacturers report that in tests no rust or film formed on instru-



# *The Roosevelt*

NEW YORK



...another  
famous hotel  
under  
Hilton  
operation



*The* conveniently located Roosevelt with its direct passageway to Grand Central Terminal and subways is within a few minutes from offices, theatres, clubs and shops. The food, service and appointments of this fine hotel are in keeping with friendly Hilton hospitality. Home of the famous Roosevelt Grill and the popular Rough Rider Room.

Use our Inter-Hotel Reservation Service or teletype your nearest Hilton Hotel

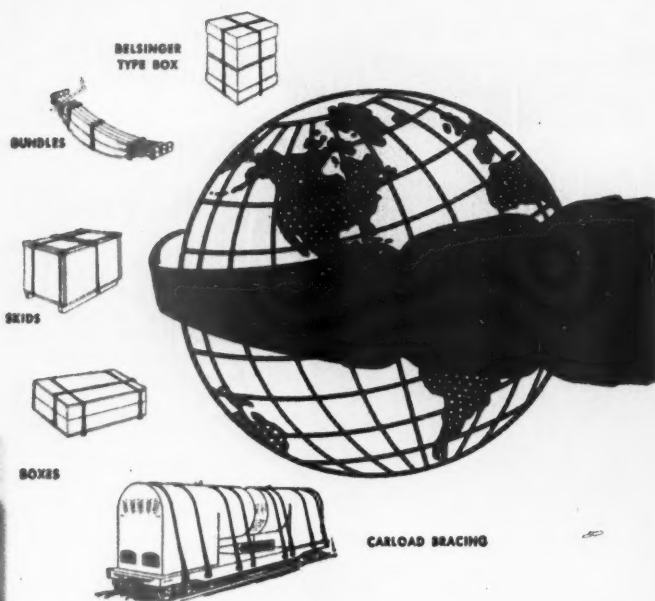


CONRAD N. HILTON, PRESIDENT

EXECUTIVE OFFICE • THE STEVENS • CHICAGO 5, ILLINOIS

## HILTON OPERATED HOTELS

- In Chicago*  
THE STEVENS and  
THE PALMER HOUSE
- In New York*  
THE PLAZA and THE ROOSEVELT
- In Washington, D. C.*  
THE MAYFLOWER
- In Los Angeles*  
THE TOWN HOUSE
- In Dayton, Ohio*  
THE DAYTON BILTMORE
- In El Paso and Lubbock, Texas*  
THE HILTON HOTEL
- In Albuquerque, New Mexico*  
THE HILTON HOTEL
- In Chihuahua, Old Mexico*  
THE PALACIO HILTON
- In San Juan, Puerto Rico*  
THE CARIBE HILTON



## PROTECTING THE WORLD'S GOODS is SIGNODE'S business!

Signode manufactures steel strapping, strapping tools, and seals.

But that isn't all!

Signode also offers its customers, large or small, a complete system of product protection. This service begins in your shipping room with a qualified analysis of your packing and shipping practices, follows with recommendations for improvements in container design and car bracing methods, ends only when your product is delivered to your customer in the same fine condition it left your plant.

Back of this operation are the most extensive research facilities in the steel strapping industry . . . a packaging laboratory, a full-size outdoor railroad test track, a staff of engineers who spend all their time working with customers in the field—to mention only a few.

If you would like to find out what we've learned about shipping products like yours . . . better, faster, at less cost . . . write

**SIGNODE STEEL STRAPPING COMPANY**  
2610 N. Western Ave., Chicago 47, Ill.

THIS SEAL MEANS

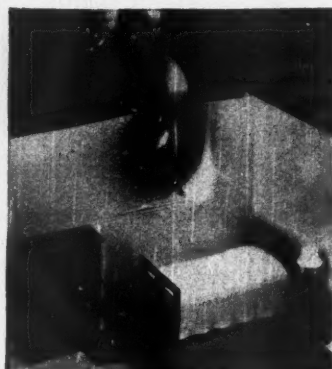
SECURITY IN SHIPPING

Offices in most principal cities in the U.S.A.  
In Canada: Canadian Steel Strapping Co., Ltd.  
Subsidiaries and distributors in most foreign countries

ments immersed in R.I.G. for six months. R.I.G. is colorless, odorless, and nontoxic. It's said to be effective against many types of pathogenic bacteria.

R.I.G. comes in 10-milliliter ampules. One ampule, diluted in water, will make one quart of germicide.

• Source: Clay-Adams Co., Inc., N. Y. and Professional Specialties, Inc., St. Louis, Mo. Cost: \$10 per dozen ampules.



OLD-STYLE paint in this miniature state-room blisters and bursts into flame, but . . .



MARINE PAINT, heated by a blowtorch, resists fire, disintegrates into a fine ash.

### New Paint Won't Burn

Fire at sea is a deadly threat even on a modern ship. To reduce fire hazards, Sherwin-Williams Co. has a fire-resistant interior paint for ships. It shrivels into a fine, black ash under heat, but won't burst into flame.

The paint comes in a variety of light pastel shades for decorative purposes, also in zinc chromate and red lead for primer coatings.

• No Blister—When applied to metal surfaces, the paint disintegrates under

intense heat. It won't blister and drop in flakes to the floor where it could ignite combustible rugs and furniture. In thermo-electric tests made by S-W, the paint stood up under 2,300F for 30 seconds. S-W claims that, even when coated on combustible materials, the paint will retard the spread of fire.

• **Tough**—The paint will take a physical beating, too, S-W says. It resists corrosion and abrasion, washes more easily than fire-resistant paints made according to Army-Navy specifications.

S-W says the paint dries in one hour after application. Depending on atmospheric conditions, it may be recoated in eight to 24 hr. At present, the paint is aimed at marine users only. It costs \$1.50 more per gal. than conventional paints, but S-W thinks one gallon will go a long way.

• **Source:** Sherwin-Williams Co., 101 Prospect Ave., N. W., Cleveland, Ohio.

## NEW PRODUCTS BRIEFS

A spun lead glass, developed by Bar-Ray Products, Inc., 209 25th St., Brooklyn, N. Y., helps protect doctors and nurses from X-ray and beta radiation when it is woven into gowns.

An electric sleeping pad has a three-way control for foot, back, or bed warming. Made by Ettinger Mfg. Co., 1319 S. Michigan Ave., Chicago.

A nontoxic bowl cleaner for household use won't hurt skin or clothing, according to the manufacturer, Stanley Home Products, Inc., Westfield, Mass.

An outboard motor, Big Twin, made by Evinrude Motors, Milwaukee 9, is 25 hp., weighs 85 lb. Cost: \$350.

A peg-rack conveyor that you can adjust for handling multishaped machines or polished parts is made by Rack Engineering Co., Connellsville, Pa.

Jeep owners who use snow plows or farm accessories can get an hydraulic pump and bracket assembly from Aro Equipment Corp., Bryan, Ohio. The lifting device is powered by the Jeep F-Head engine.

A firebrick, made of Allmul, a material developed by Babcock & Wilcox Refractories Division, Augusta, Ga., supports 1,000 lb. without deforming under temperatures up to 3,000F.

Enthone N-165 is a neutral compound you add to acid solutions for rapid stripping of nickel, lead, tin, and chromium from copper base alloys. Manufacturer: Enthone, Inc., 442 Elm St., New Haven, Conn.

See Osborn's complete line of industrial brushes at the National Metal Exposition, Chicago, Illinois. October 23 — 27, Booth No. 319.



## when you buy supplies from a trusted source ...YOUR INDUSTRIAL DISTRIBUTOR!

**Y**OUR purchasing department is making big dollar savings . . . continually . . . when it devotes its manhours to *big-volume, basic purchases*. And you do *your* part to free it of routine recurring mill supply orders when you simply specify:

### "Buy from Industrial Distributor"

Buying then is on an economical basis. Many purchasing operations are eliminated. All orders for maintenance brushes, drills, abrasives, belting, etc., can be grouped. You are assured reputable, high-quality brands. Delivery is prompt. Your inventory can be lower.

Remember . . . more than 200 leading Industrial Distributors in about 300 locations throughout the U. S. give you a trustworthy source of OSBORN brushing tools . . . a complete line of top-quality floor brushes, paint brushes and other maintenance brushes . . . built for industry by the company that knows industry's problems. *The Osborn Manufacturing Company, Dept. 326, 5401 Hamilton Avenue, Cleveland 14, O.*

LOOK FOR THE NAME



RECOGNIZED EVERYWHERE FOR  
QUALITY WORKMANSHIP AND MATERIALS

# IT'S TIME TO ACT FAST!

SAVE  
TIME

BOOST  
OUTPUT

WITH  
SUPER-FAST

REACH  
ANYONE  
INSTANTLY

ELECTRONIC  
**AMPLICALL**  
INTERCOMMUNICATION

Here's the way to gear up for increased output! Talk business in seconds—save time . . . boost production with fast-action AMPLICALL! Simple 2-second speech contact between all departments speeds routine—measurably boosts office and plant efficiency—takes the load off busy switchboards. AMPLICALL keeps personnel on the job every working minute—gets more work done for every operations dollar spent! Write today for complete details on AMPLICALL—the superior electronic Intercommunication System that builds better business for you.

#### ADVANCED FEATURES:

- "IN PERSON" VOICE REALISM
- MAXIMUM ACOUSTIC OUTPUT
- POSITIVE "BUSY" SIGNAL
- PRIVACY HANDSET AVAILABLE

THESE ARE FEATURES FOR YOUR BUSINESS

In Systems (confidential)  
COMMUNICATION SYSTEMS

AMPLICALL

#### See Your Phone Book

To locate your nearest AMPLICALL specialist, look in the "Intercommunication" section of your classified directory, or write direct.

#### KAULAND-BORG CORPORATION

3523-B Addison St., Chicago 18, Illinois

- ☐ Send complete details on AMPLICALL.  
☐ Send your representative. No obligation.

Name

Firm

Address

City  State

## HEALTH



ARRIVING at White Sulphur Springs, W. Va., Louis B. Pate, vice-president of Seas Shipping Co., Inc., and Mrs. Pate meet bellman of Greenbrier where Mr. Pate will take . . .

## Physical Checkup—in Style

Business executives find exams are easier to take when they're held in the pleasant surroundings of Greenbrier Hotel—and the company foots the bill. (STORY ON PAGE 90)



1 Pate's three-morning examination starts with conference in office of Greenbrier Clinic's director, Dr. James P. Baker (center) and assistant, Dr. Charles Ballou (right).





**HERE COMES 70 TONS OF COAL!**

**Meet America's new tank with the fighting name—the General Patton.**

Built to out-gun and out-maneuver any armor of its size in the world, the Patton weighs in at 47 tons . . . most of it steel.

The vital role steel plays in national defense preparations comes as no surprise. But, did you know it takes more than 70 tons of coal to make a Patton tank? For into every ton of finished steel has gone more than a ton of coal.

And, with American industry moving into high gear for national defense, it's good to know that the coal industry is ready!

America's progressive coal operators, in recent years, have invested many millions of dollars in new properties, in mechanization, in more coal preparation plants, and in research.

This program has resulted in larger supplies of better coals for more efficient utilization. And today, the coal industry is better prepared than ever before in history to serve America well—in peace or war.

Progressive mine management, using private capital—no government subsidies—has brought the coal industry to a higher level of productive capacity than ever before. This is the proven American way of free enterprise. With an uninterrupted flow of essential working tools and with the requisite man power, the coal mines—the very backbone of our nation's productive strength—can supply all the coal our nation may need.

## **BITUMINOUS COAL**

**BITUMINOUS COAL INSTITUTE**  
A DEPARTMENT OF NATIONAL COAL ASSOCIATION  
WASHINGTON, D. C.

**Note To Users of Coal—***Make the maximum use of your storage facilities—stock coal in the summer and fall months when transportation and handling are usually most efficient.*

# Nobody is 'Average' to Us!



MODEL 66



**Why Posture Seating?** Get the facts on how posture seating increases comfort and efficiency in your office. Write for free copy of entertaining booklet, "Posture Seating Makes Sense." Harter Corporation, 209 Prairie Avenue, Sturgis, Michigan.

All men are *not* created equal in size. A few may, indeed, share the same height and weight. But even these rare birds differ in leg length, torso size, and breadth of beam.

Harter posture chairs are built to fit you as an individual with individual measurements. Every model is fully adjustable—with simple hand-wheel controls—to your own comfort. Harter's custom-fit cradles you in erect and healthful posture, prevents backache and fatigue caused by misfit seating. Foam rubber cushions support you in the style to which you'd like to become accustomed.

Enjoy the comfort of a chair that fits you, not the illusory "average" man. Try an executive model at your Harter dealer's.

**HARTER**  
STURGIS, MICHIGAN  
POSTURE CHAIRS • STEEL CHAIRS

## HOW INCREASED SOCIAL SECURITY AFFECTS PENSION PLANNING

You are invited to bring to us any pension problems arising from the recent change in Social Security. There is no charge or obligation for a preliminary discussion of how this change affects your company.

### MARSH & McLENNAN

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INSURANCE BROKERS • CONSULTING ACTUARIES

Chicago New York San Francisco Minneapolis Detroit Boston Los Angeles Pittsburgh  
Seattle St. Louis St. Paul Duluth Indianapolis Portland Superior Cleveland  
Buffalo Columbus Phoenix Vancouver Toronto Montreal Havana London

## CLINIC (Continued from page 84)

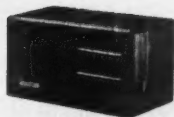


2 Checkup progresses from head to toe, starting with closeup of nose and throat.



3 Pate spends a half hour behind fluoroscope while doctor studies chest.

For as little as **\$95<sup>50</sup>** you can get  
more from your efforts



**WEBSTER ELECTRIC**  
**Teletalk** "600" SERIES  
One master unit and  
four substations for **\$95<sup>50</sup>**

For you who are busy, there is a shortage of time. In the days to come, the pressure to get things done will increase, and saving the time consumed to go from office to office, or department to department, becomes increasingly important. For \$95.50 you can secure a "Teletalk" intercom system that will instantly place you in touch with four important individuals or four departments in your business ... a flip of a key and you can talk to them ... no running around. Conserve yourself and get more results from your efforts by making this small investment now. Call Western Union Operator 25 for the name of your nearest Teletalk dealer ... his experience will help you. "Teletalk" is made by Webster Electric Company, Racine, Wisconsin—Established 1909.

Other "Teletalk" Systems  
Available for Large Businesses  
Where a greater number of  
stations is wanted there are  
units available ... for connection  
with twelve, twenty-four or  
more substations.

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**LANCASTER**  
*Envelope Bond*  
 100% NEW COTTON FIBRE



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**SEALS PERMANENTLY!**

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All these features at *no extra cost*. Available through your printer, lithographer, engraver, and leading paper merchants everywhere.

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 CURRENCY PAPERS

25% ... 50% ... 75% ... 100% New  
 Cotton Fibre ... Tub Sized ...  
 Air Dried.

## HEALTH CLINIC (Continued from page 86)



**4** While Pate reclines, Dr. Ballou hooks him up with contacts for an "E-K-G" or electrocardiograph machine, which draws a graph showing how the heart is working.



**5** On the third morning, Pate gets an oral report of his condition from Dr. Ballou. Patients also get a complete written report, a copy of which is sent to their doctor.



# Mobilization Without Inflation

**A** WAR-WAGING POTENTIAL superimposed upon an already high level of peacetime industrial activity can create the basis for an inflationary spiral. If the burdensome cost is to be borne without lasting ill effects, the lessons learned from World War II must be applied and stern realities faced.

Wars are inflationary, even when they are "cold" wars for this country. Prices generally advance, either during the war or, if frozen by controls, afterwards when the controls are released. In theory this would not happen if all the expenses of war could be covered by taxes or by the sale of Government bonds to investors.

In the past, neither has been found feasible in this country, if anywhere. During World War II from 40 to 45 per cent of its huge cost was covered by taxes, and a third through the sale of Government bonds to citizen investors. The balance of about a quarter was raised by the placement of Government bonds in the banking system, which had the effect of creating a huge amount of new deposit currency without a corresponding increase in the amount of goods and services available for purchase with that bank-check money. Hence demand exceeded supply, and prices advanced.

Considered in the concept of what is best for the welfare of 150,000,000 American citizens, a desirable monetary and credit policy in this situation should be based on these main premises: First, "pay-as-we-go" if possible, and to the extent practicable. Secondly, governmental borrowing of new

money to finance rearmament, if unavoidable, should be done outside of the banking system, in so far as possible. Heavy deficit financing through the banks is too inflationary and should be minimized if it cannot be avoided. Third, lending by banks should be mostly confined to financing industrial mobilization, with lending for nonessential ends discouraged as a stratagem of financial policy. If consumers' demand is otherwise effectively curbed, this aim will have been largely achieved.

A flexible discount rate and higher short-term money rates, coupled with taxes raised high enough to balance the Federal budget, are central features of an effective though arduous strategy for meeting the situation facing up. Otherwise the outlook is foreboding for a serious inflationary spiral. In fact, the postwar inflationary trend was plain enough long before the Korean outbreak posed the fresh need for superimposing a war potential on top of the fiscal drift toward an indefinite series of unbalanced Government budgets.

World War II and its aftermath have shown that rationing and price-fixing regulations, however justifiable, are not substitutes for wise and sound financing methods. Inflationary pressures can be held in check for a while, but when their pent-up force is unleashed they become difficult to control, and it is the masses of the people who suffer most.

—From the latest issue of *THE GUARANTY SURVEY*, monthly review of business and economic conditions published by the Guaranty Trust Company of New York. The complete issue is available on request to our Main Office, 140 Broadway, New York 15, N. Y.

## Guaranty Trust Company of New York

*Capital Funds, \$373,000,000*

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MAINE DEVELOPMENT COMMISSION  
State House Augusta 1, Maine

## HEALTH CLINIC (Continued from page 88)



6 In the afternoons, between sessions at the clinic, Mr. and Mrs. Pate play golf on one of the three courses at Greenbrier that are open the year round.

## Golf and a Rest Sugar-Coat the Pill

All companies have a big stake in the health of their key executives. But many have trouble making sure that top officers take care of themselves. The suggestion of a physical checkup usually brings the retort: "What for? I've never felt better in my life. Besides, I'm too busy; I can't take out three or four days to hang around a doctor's office."

• **Incentive**—But by putting a little sugar on the pill, you get a different reaction. Here's how a number of companies have been luring executives into a checkup: "Take a few days off. Go down to the Greenbrier Hotel; take your wife with you; play some golf. And while you're there, stop in at Greenbrier's clinic for a checkup. It will take you only three mornings. The rest of the time you're free. Don't worry about the tab; the whole thing is on the company."

Such an offer is hard to resist. That's just what Greenbrier's management figured when it set up the Greenbrier Clinic as an adjunct of the hotel that's located at White Sulphur Springs, W. Va.

Both the clinic and the hotel are owned by Chesapeake & Ohio Ry. The clinic leases one floor of a wing

from the hotel (but is completely independent of the hotel management). It is under the direct supervision of Dr. James P. Baker, with Dr. Charles Ballou as an associate director. On the clinic's advisory staff, there are 23 specialists.

Greenbrier Clinic is not a place to go for "cures." The sole purpose of the clinic is to give diagnostic health examinations to individuals and to groups of business executives.

The clinic reports a marked increase recently in the number of corporations sending officers to Greenbrier for a checkup. In part, this could be due to the fact that companies feel they must preserve present executives, with war threatening to take away the upcoming crop.

• **Cost Plus**—The cost of a top-to-toe checkup at the clinic runs between \$100 and \$135. If a company wants to foot the hotel bill as well as the checkup, room rates at Greenbrier are \$17 to \$21 for a single, and \$16 to \$22.50 for a double room per day, American plan.

Incidentally, the commonest ailments of businessmen that the clinic has found are obesity, cardiovascular disorders, and anemia.

**\$9.95**

### Addressing Machine

reduces mailing costs!

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**CARDS**

**ENVELOPES**

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► Speedy, effortless addressing for all mailings. This amazing machine permits quick, easy addressing for as low as 6¢ per 1,000 names. Lists easily prepared on paper tape loads like a camera addresses by a single, one hand motion—no inks, no plates, no ribbons!

**MAKE A STAMP FOR LESS THAN 2¢**

Simple stamp-on unit (4 included) permits repeat impressions of about 1% the cost of a rubber stamp. Mail coupon now!

**MEYER Portable ADDRESSER**

An Addressing Machine & Office Supply Dealer

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Please send literature and name of nearest dealer

Name

Address

City  State

PRODUCT OF THE MEYER CORP., MAKERS OF DUPLICATOR AND SUPPLIES SINCE 1913

## READERS REPORT

### Whose Bank?

Sirs:

BUSINESS WEEK presented its readers with an interesting story of the new Life-Insured Savings Account (LISA) [BW—Aug. 26 '50, p70] recently launched by the Bank of America, but unfortunately spoiled the whole effect by concluding with the comment that Transamerica Corp. "owns working control of Bank of America."

Transamerica owns only about 11% of Bank of America's stock, which is by no means control. Transamerica cannot and does not exert any kind of control or influence over the Bank of America, and directors and officers of both Transamerica and Bank of America have repeatedly so testified in public hearings. Transamerica disposed of its former majority ownership in Bank of America more than 13 years ago. . . .

Incidentally, Californians are opening this new type of savings account at a rate upwards of a thousand per day.

LOUIS B. LUNDBORG  
VICE-PRESIDENT, BANK OF AMERICA,  
SAN FRANCISCO, CALIF.

• Transamerica's historical connection with Bank of America has led the Federal Reserve Board in an administrative proceeding now pending to charge that control still exists. However, the charge has not been proved; and the bank's assertion of complete independence has been accepted by others in a position to know. BUSINESS WEEK had no intention of taking sides in an undetermined controversy.

### Wider Battlefield

Sirs:

We congratulate you on your article "Coal Fights to Regain Home Market" [BW—Sep. 9 '50, p68].

Our only criticism is that you restricted to Cleveland and Milwaukee what is an industrywide and U.S.-Canada battlefield.

1950 started with a discouraged U.S. coal industry. The strike last spring added to our industry's pessimism. Summer sales campaigns were greeted with indifference, coal conventions poorly attended, a cloud of gloom generally. But some farsighted and courageous men and women in our industry kept up the fight. Enthusiasm once more is becoming common in the U.S. coal industry.

We hope you will make another survey of coal soon, and please widen the area.

HOMER W. CLARK  
SECRETARY, COAL BY RAIL COMMITTEE,  
SYRACUSE, N. Y.

EVERY BUSINESS MAN SHOULD

KNOW ABOUT

# Chemicals FROM TENNESSEE



### HOW PRACTICAL CAN RESEARCH BE?

Research is part of the business of chemicals. But at Tennessee you'll find no mad scientists in the Hollywood tradition. Amid the glass hedgerows of retorts and thistle tubes are men who know their purpose is improving products and production methods. There's no "long hair" about these research brains. Here's a typical case of their extreme practicality.

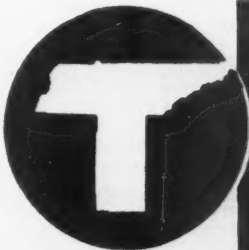
A new chemical plant was needed by Tennessee for the making of Benzene Hexachloride, which is in great demand by farmers. You see the gamma isomer of this chemical is a very powerful insecticide . . . for example, it protects us all against shortages of cotton because it's murder to every evil boll weevil.

Construction experts said the new plant would take at least a year to design and construct. That was longer than we cared to wait. So the building of the plant was turned over to Tennessee's Research Department. They attacked the project just as if it were the problem of one of our customers . . . yours perhaps.

Three months after Research took over the job the new plant was built and turning out steady production of the White Crystalline BHC.

Almost miraculous, indeed. But the incredible thing is the number of improvements in processing and the high efficiency of this new plant.

**YOU PROFIT BY RESEARCH, TOO!** Isn't it good to know that these same Research specialists oversee the products you buy from Tennessee? If you have a chemical supply problem we urge you to discuss it with us. Just write to —



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**PRODUCTS & CHEMICAL**

*Corporation*

MEMPHIS, TENNESSEE

# FINANCE

## Iron Mines Dig for Cash

U. S. and Canadian interests seek \$100-million to develop rich Labrador-northern Quebec ore fields as replacement for Mesabi. Production seen in four or five years.

Plans to replace Mesabi's dwindling iron-ore reserves have reached the hard-cash stage. Steel men are looking for money to develop the vast newly discovered ore fields of Labrador and northern Quebec (BW-Sept. 11 '48, p. 40). This week, the American and Canadian ore companies and the five U. S. steel-makers who form Iron Ore Co. of Canada are working out a \$170-million financing plan. Biggest part—a \$100-million bond issue—will be offered directly to life insurance companies.

• **Knob Lake**—The \$100-million, along with \$40-million in Iron Ore Co. debentures and \$30-million in stock which the nine companies will buy themselves, are expected to pay for the huge job of developing up to 500 square miles of ore fields in the Knob Lake area, where Quebec and Labrador provinces meet.

It will equip mines and build a 360-mile railroad leading to a terminal at Seven Islands, in the mouth of the St. Lawrence River. The terminal will be able to handle at least 10-million tons of ore during the shipping season. (Last year U. S. steel companies used about 76-million tons of Mesabi ore.)

• **Other Areas**—Engineers believe that Knob Lake isn't the only ore field in Labrador and Quebec, by any means. But it seems to be the one that can be worked most economically. Hollinger North Shore Exploration Co., Ltd., and Labrador Mining & Exploration Co., Ltd., which have been licensed to lease 1,300 sq. miles for mining and to explore much wider areas, figure that there are at least 400-million tons of proven ore around Knob Lake. They estimated earlier that if 300-million tons were proved to be there, the place would be worth developing. Explorations this summer added 50-million tons to earlier estimates. And geologists say there are many times that amount in nearby districts.

• **Corporate Tangle**—To understand the financial side of Canadian iron ore, you have to unravel a tangled skein of corporate relationships. Dominant in the pattern are M. A. Hanna Co., of Cleveland, and Hollinger Consolidated Mines, Ltd., a Canadian firm. The two companies own one of the exploring companies and control the other. An-

other subsidiary, Hollinger-Hanna, Ltd., will operate Iron Ore Co. of Canada under a management contract.

Iron Ore Co. of Canada itself is a Delaware corporation organized last year to sublease 500 sq. miles of mining land from the two exploring companies. It will pay a royalty of 7% of the market price of the ore, f.o.b. Seven Islands. A minimum royalty of 25¢ per ton will become applicable after production swings into high.

• **Device**—Since Hollinger-Hanna will operate the mines and railroad for Iron Ore Co., the latter's major function will be to issue the securities necessary to finance development and to be the legal owner of the mining installations. It is really a device through which all the parties interested in the Canadian ore field may have stock representation:

• Hanna Co. and Hollinger Consolidated Mines own 25% of the stock.

• Iron Ore Co.'s five prospective customers own stock in varying proportions. The customers: Republic, National, Armco, Youngstown Sheet & Tube, and Wheeling.

• Hanna Coal & Ore Corp., an M. A. Hanna subsidiary, owns enough Iron Ore Co. stock so that the Hanna-Hollinger interests have control.

• **Escape Clause**—The five steel companies have contracted to buy for 25 years, between 64-million and 10-million tons annually. But if U. S. steel production drops below 664% of ingot capacity, they can buy less in proportion to the production rate.

• **Construction Start**—The railroad has already been surveyed. Construction may start this fall. It's estimated that the roadbed alone may cost from about \$55-million to \$65-million. Equipment may cost as much as \$40-million. The dock at Seven Islands, together with its loading equipment, may run to \$20-million. That's not counting the mines themselves.

• **Four Years Away**—But all that is four or five years ahead. Iron Ore Co. of Canada doesn't expect to make its first deliveries to Seven Islands until 1955. It will take that long to get the road built and the mines started.

The main route for the ore will be up the St. Lawrence to the Lakes and Cleveland. The project won't depend

on whether the St. Lawrence Seaway project goes through, though that would simplify transportation a bit. The Hollinger-Hanna group figures that under present conditions the river can handle from 5- to 8-million tons during the season, which lasts seven to eight months.

The rest of the ore, if the Seaway isn't built, can go to Montreal by water and from there to the customers by rail. Or it could go by water to Atlantic ports for rail shipment.

• **Competitive**—Hollinger-Hanna, Ltd., believes the price will be competitive with Mesabi ore delivered at Cleveland. However, contracts will probably provide that Iron Ore Co. must get a profit of \$1 per ton over its out-of-pocket mining and transportation costs to Seven Islands. The price will be competitive with any specified grade of Mesabi ore delivered at Lake Erie ports, provided this can be done while still paying the \$1 profit. If not, the Canadian price will be higher.

Life insurance companies are quite likely to pick up the Iron Ore Co. bonds fast. They have an idea that anything which Hanna Co. goes into is pretty likely to succeed. Their money is pretty well secured. They have a mortgage on the property, a lien on the ore, and protection in the form of \$70-million in junior money put in by the stockholder companies themselves.

• **Taconite**—Meanwhile, two of the stockholders were making other moves this week to assure them future ore supplies. Republic and Armco have bought out the other steel companies that owned Reserve Mining Co., a \$160-million taconite project in the Mesabi area (BW-Dec. 3 '49, p. 21). They now share 50-50, with Oglebay-Norton & Co., Cleveland, as manager.

Previously, Armco held one-third of Reserve Mining, and Wheeling another third. Cleveland Cliffs Iron Co. and Montreal Iron Co., both of Cleveland, had the rest. Now Republic has come in, buying the holdings of Cleveland Cliffs and Montreal, and half the holdings of Wheeling Steel. Armco bought the other half of Wheeling's share.

• **New Plant**—Reserve leases an area containing at least 1.5-billion tons of magnetic taconite on the eastern side of the Mesabi Range in Minnesota. The two companies will build a \$60-million plant to make high-grade ore out of taconite. It will be near Beaver Bay on the north shore of Lake Superior and will have an annual capacity of about 2.5-million tons of the iron-ore pellets. There will be a 47-mile railroad from the ore field. The plant will be expanded later—at an estimated cost of \$100-million—to an annual capacity of 10-million tons. Reserve has enough taconite for about 500-million tons of high-grade ore.



## "PULP AND PAPER MANUFACTURING IS OUR BUSINESS—WE'RE NOT ACTUARIAL EXPERTS"

SAYS DWIGHT J. THOMSON

"In developing our pension plan, we recognized that it would be a mistake to close our eyes to the uncertain liabilities that could result if year-to-year obligations were not met when incurred. For a company our size, we decided it would be best to place this responsibility with an Insurance Company in order to secure both expert actuarial service and guaranteed results.

"To accomplish this end we chose Equitable's Guaranteed Deferred Annuity Pension Plan."



DWIGHT J. THOMSON  
VICE PRESIDENT, THE CHAMPION  
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is designed for companies that want maximum safeguards in funding pensions. It is available to groups of 50 or more employees. Under this plan, the annual pension credit for every employee on the payroll is fully purchased and guaranteed. Past service credits are purchased for employees in age-order over a period of years. This is the only method which insures complete discharge of each year's obligations. In event of sale or merger of the company or discontinuance of the plan, all pension credits to date are guaranteed. Guaranteed rates assure a ceiling on pension cost.

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**THE EQUITABLE LIFE ASSURANCE SOCIETY OF THE UNITED STATES**

THOMAS I. PARKINSON - PRESIDENT

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### "If he'd only stop joining things—"

● Well! First time anybody ever heard Miss Elderman complain about the Judge. He likes to serve on Committees... but *she* has to send out the notices and reports!

● Somebody should tell her about the DM... new desk model postage meter for small mailers... does away with adhesive stamps and sticking, makes mailing a lot easier!

● No larger than a desk phone, the DM *prints* postage for any kind of mail—directly on the envelope, with dated postmark, and optional small ad. Has a built-in sealer for envelope flaps. Even handles parcel post!

● Postage is set in the meter at your postoffice, and protected from loss, damage, theft. Visible registers show postage on hand, postage used.

● There's a postage meter for every office, large or small. Call the nearest PB office, or send coupon for booklet.

● PITNEY-BOWES, Inc., in Stamford, Conn.... Largest makers of mailing machines, offices in 93 cities.

## PITNEY-BOWES Postage Meter

World's leading makers of mailing machines... offices in 93 cities in the U. S. and Canada.

PITNEY-BOWES, Inc.  
1443 Pacific Street,  
Stamford, Conn.

Please send free booklet on the DM.

Name \_\_\_\_\_

Firm \_\_\_\_\_

Address \_\_\_\_\_



## In TV You Can

In most industries, small firms can't get capital. But John Meck, TV set maker, plans \$600,000 stock offering.

There aren't many industries these days where a young, fast-growing company can get new risk capital by a public stock sale. But television is one of the exceptions. This week, John Meck Industries, Inc., was getting ready to offer 150,000 shares of common stock, priced at \$4 to \$5 a share through a syndicate headed by Otis & Co., Cleveland. It hopes this will provide the \$600,000 additional working capital it needs to handle its swiftly expanding sales of TV receivers.

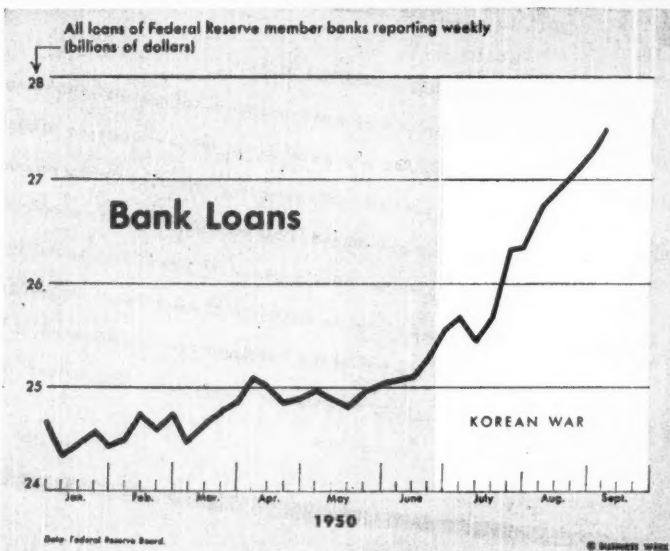
● **Shoestring Start**—Meck manufactures TV receivers for the lower-priced and private-brand market. John S. Meck, president and principal owner, started the business on a shoestring 11 years ago. Until now he has always been able to finance his growth by plowing

back earnings and by bank loans. A high proportion of direct sales to retail accounts that pay promptly for large shipments gave him a fast turnover. And that helped him to get along with a minimum of working capital.

When Meck closed his books on May 31, sales for the first six months of the fiscal year were \$7,719,341, very nearly double the \$4.3-million sales for the whole year of 1949. Profits for the six months were \$422,000, compared with \$81,000 for all 1949. Meck figures he produced 80,000 TV sets during the first six months, expects to add 115,000 to 120,000 more before the year is ended—unless he runs into unexpected component shortages.

● **Working Capital**—If Meck can maintain this production rate for the year, his sales should pass \$17-million, which would put this small company in tenth or eleventh place among TV set manufacturers. But to keep up the pace, he needs more working capital.

Meck started on a tiny scale, making amplifiers and other electronic devices. During the war, he shifted completely to military work, gaining a knowhow which enabled him to hit the postwar



## "The Wise Boys Are Getting Credit Set Up . . ."

Says the president of a big Chicago bank. "They're asking for larger lines of credit now, against the possibility that they'll need them if prices rise."

The chart shows what effect this psychology has already had on bank loans this year. The Federal Reserve Board reported last week that total loans of its larger member banks hit the record high of \$27.5-billion during the

week ended Sept. 6. This was above the 1948 high of Dec. 29. Total loans have increased 18% since a year ago, and since Korea hit the headlines, they've increased 7.6%.

Business and agricultural loans still haven't come up to their 1948 high. The heavy work in jacking the total above its previous mark was done by consumer credit and real estate loans.



# How to avoid Christmas Mourn

*First*, be sure your gifts to business friends make a hit. That's easy! Give Zippo . . . the Windproof Lighter that always lights with a zip . . . the lighter that's unconditionally guaranteed!

*Second*, make sure you get your Zippo gifts in time. That's easy, too. Just *act now!* Order Zippo Lighters and *do it early*. Then nobody will be mournful on Christmas morn.



\*Plus tax on sterling silver and gold models only.

## **ZIPPO** the one-zip windproof lighter

**ACT NOW ON SPECIAL DESIGNS!** Your company trade-mark or special insignia—even actual signatures of friends—can be engraved on Zippo Lighters at surprisingly low cost! To insure delivery before Christmas, orders should be placed before October 15th. Zippo lighters are priced from \$3 to \$175\*—engraving \$1 extra. Attractive discounts on quantity purchases.

**SEND FOR THIS FREE BROCHURE TODAY!** ↓

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Send me a free copy of your Business Gift Brochure which shows Zippo Lighter models, with prices.

Firm Name.....

Address.....

City..... Zone..... State.....

Your Name.....



TEXTILE WEAVERS AND THROWSTERS OF RAYON, NYLON, AND OTHER SYNTHETIC YARNS

# Duplan 52nd REPORT

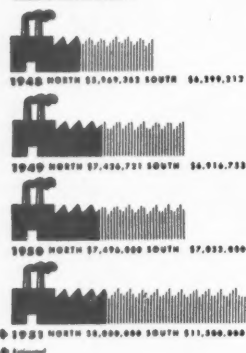
FACTS FROM THE 52ND ANNUAL REPORT TO STOCKHOLDERS, SEPTEMBER 1

**1950 EARNINGS \$2,000,000**  
**SALES UP 25% IN FIRST 1951 QUARTER**  
**\$5,000,000 FOR 1951 EXPANSION**



NEW MILL AT BURNSVILLE, N. C. is one of 19 units in the United States and 2 in Canada

COUNTRY OF INVESTMENT IN MILLS shows expansion in original investment in plants (Dark is investment in North. Shaded is investment in South.)



THE DUPLAN CORPORATION 512 SEVENTH AVENUE • NEW YORK 18, N. Y.

Last year more fabrics were sold, but dollar volume was less. Prices were lower and less costly fabrics in demand. Yarn throwing demand was also reduced.

But since June sales have been 25 per cent above same period of last year.

We plan to spend \$5,000,000 for expansion before the end of 1951, in addition to \$9,300,000 spent in past 4 years. Most of this growth is in Southern states. The 10th U. S. mill will start in December at Burnsville, N. C.

Net worth has expanded from less than \$6,000,000 in 1946 to over \$18,000,000 in 1950.

Some government work is being produced and additional work can be done quickly, if needed, without changing machinery.

The fiscal year now ends September 30, and the next annual meeting will be January 28, 1951.

The outlook for synthetic textiles is bright and we have a substantial backlog of orders at satisfactory prices.

## STATEMENT OF OPERATIONS

YEARS ENDED MAY 31	1950	1949
Net Income	\$32,483,482	\$36,612,322
Taxes on Income	1,210,000	1,882,027
Net Earnings	2,018,456	2,714,869
Earnings per Share		
(197,802 and 194,020 respectively)	\$2.11	\$3.00

COMPLETE REPORT SENT ON REQUEST

market with a low-priced (\$19.95) table radio.

In 1948 he began experimenting with low-priced television sets. Today receivers make up 90% of the company's whole production.

• **Higher-Priced Line**—This spring Meck industries put up \$260,000 to get control of Scott Radio Laboratories, well-known but ailing maker of top quality radio-phonograph combinations. Since then, Scott has shown its first quarterly profit in three years.

## Things Look Better For Western Union

Western Union Telegraph Co. has turned the corner. It looks as if the company will show a profit this year for the first time since 1947.

Last week, the company reported that its net income for July was \$528,000, compared with a loss of more than \$1.4-million in the same month last year. For the first seven months of 1950, WU racked up profits of over \$3.7-million, compared with a loss of \$5.1-million in the same 1949 period.

• **High Costs**—Western Union has been in trouble ever since the war (BW—Nov. 19'49, p98). Operating revenues have leveled off; operating costs have climbed. The result: losses for every postwar year except 1947.

In the meantime, the company has been putting through a \$90-million mechanization program. Though not yet complete, mechanization is beginning to pay off. In the first half of 1950, gross operating revenue was about \$88.5-million, compared to \$90.6-million the year before. Yet the company was able to show a profit instead of a big loss.

• **War Effect**—The Korean war has meant more traffic. In July gross operating revenue was \$15.4-million, up about 8% from a year ago. Due to mechanization, a higher proportion of this additional revenue is being brought down to net.

As a result, Western Union common stock has doubled in value since its low of \$19.63 early this year. It has jumped 40% since the end of June to around \$39 this week, the highest point since 1946.

The only postwar dividend the company has paid was \$1 in 1948. But investors apparently figure that future dividends can't be too far off. The company still has two near-term financial hurdles to jump, before it can do much about dividends. The hurdles: (1) a \$15.7-million bond issue which comes due Dec. 1, 1951 (this will have to be paid off or refunded); (2) a \$3-million loan from Reconstruction Finance Corp.

## FOR PROFIT'S SAKE, YOU SHOULD KNOW ABOUT "clues"

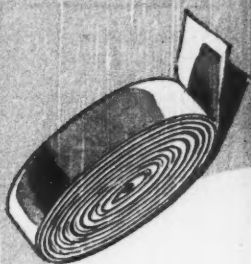
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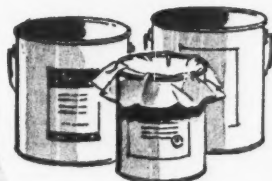


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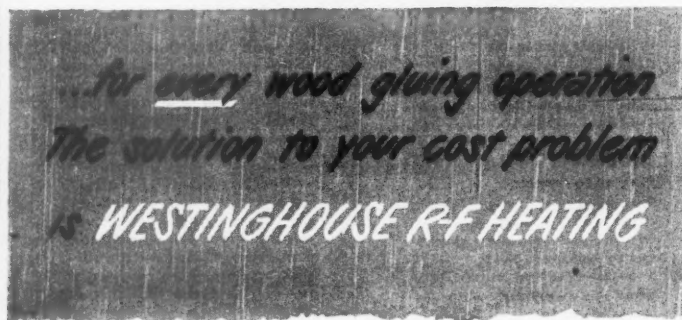
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## FINANCE BRIEFS

Walter S. Mack, Jr., resigned as chairman and director of Pepsi-Cola Co., saying the job "did not constitute enough of a challenge. . . ." President of Pepsi since 1939, Mack had shifted over to chairman a few months ago (BW-Mar.11'50,p100). Pepsi sales and profits have fallen off since 1947.

Manufacturers Trust elected Henry C. Von Elm to succeed the late Harvey Gibson as president. Von Elm, who has been chairman of the board, was president of Manufacturers in 1931, when the Gibson group bought stock control.

Equitable's rail-rental plan (BW-Apr.8 '50,p92) has been responsible for \$132-million worth of rail equipment orders since it started six months ago.

Lustron's possible takers now include a maker of plane parts and a manufacturer of electronic devices. GE has already expressed an interest in taking over the plant to make jet engines (BW-Sep.2'50,p28). The question of plant control, though, is still tied up in the courts.

Merger of Bankers Trust Co. and Lawyers Trust Co. (BW-Aug.26'50,p65) got stockholders' approval overwhelmingly.

Georgia's Ports Authority decided to offer publicly its \$5-million revenue bond issue at a coupon rate of 3½%. It had applied to RFC for the money, but RFC wanted 4%.

Ford Motor Co., which rarely tells the public much about its finances, says it is planning to spend \$600-million for plant and equipment in the next few years.

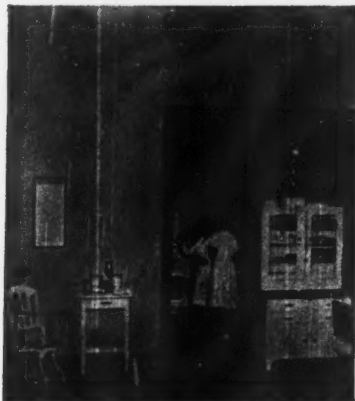
Danville City (Va.) teachers and their pupils can now get insurance protection in school and on their way to and from school. The board of education has taken out a group policy that costs policyholders \$1 a year. They can collect up to \$1,000 in cash plus medical expenses up to \$1,000.

Convair resumed cash dividends on its common stock. It will pay \$1 Nov. 17. Last cash dividend: 25¢ in May, 1947.

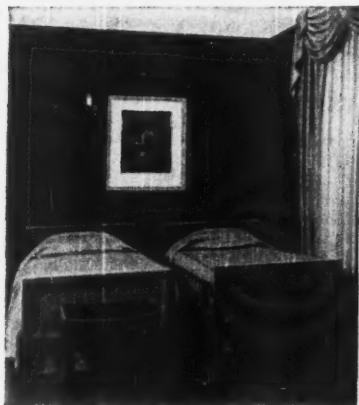
Budd got another order for its new self-propelled diesel cars (BW-Feb.4 '50,p28). New York, Susquehanna & Western R.R. ordered four for commuter service.



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MORSE, CARRIE AND FRIEND AT CENTRAL PARK, N.Y., PHOTOGRAPHED BY VICTOR KIEPLER

## BEHIND SUCH FAITH IN THE COMMONPLACE

The sparkling, clean water bubbling in the heart of bustling cities is far more pure than the rivers and lakes from which we take it. Daily we trust it with our health, our life in fact. Only thirty years ago, city water was a conveyor of some of the most epidemic diseases.

The rescue of water from pollution caused by dense settlements and widespread industry came when a few venturesome city fathers introduced liquid chlorine into drinking water. Chlorine sterilized so well and so cheaply that today the practice is commonplace.

Many cities are now furnishing water softened by soda ash. Some cities treat their water with silicate of soda and other chemicals to achieve sparkling clarity, seldom seen in nature. These three chemicals are produced for water treatment in great quantities by the twelve plants of DIAMOND ALKALI from coast to coast, border to border.

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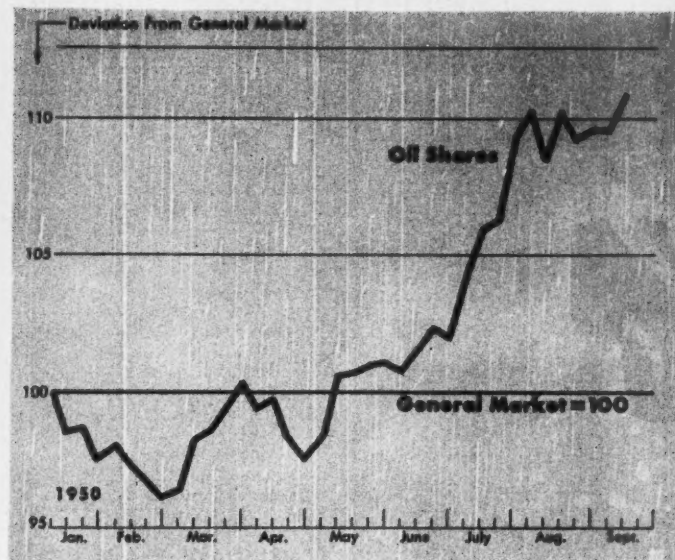
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# THE MARKETS



## Oil Shares Leave Market Behind

Korea gave the big push, but shares were on the way up even before that. Second-quarter profits are 15% over 1949's mark for the same period.

It didn't take Korea to boost the oil shares; that boom was in the cards.

During the first four months of 1950, oil shares lagged behind the general market. A warm winter had left the industry overstocked with heating oil. Domestic companies were cutting back production. Independent producers were complaining about imports by the majors.

Then in May it became apparent that demand was turning the corner. Prices started up (BW—May 27 '50, p9). News that second-quarter earnings would be good began to trickle into Wall Street. And when the reports came out in July, they showed that oil company profits had turned up even without the stimulus of war. Soon after, war broke out in Korea, and the shares began climbing in high gear.

• **Profits Way Up**—According to a survey of 30 oil companies made recently by the Chase National Bank, profits in the second quarter were up 15.3% over the same period in 1949. First-quarter earnings had been 16.4% below the previous year.

More important, oil companies paid more dividends in the first half of 1950

than they had in the first half of 1949. Dividends are what really determine stock prices. The Chase study shows that the 30 companies paid almost 12% more dividends in this year's period than in 1949. That's because they had pretty well completed their postwar expansion programs. Chase estimates that these companies will put about 10% to 15% less into capital expenditures than they did last year.

Now crude-oil production is hitting new highs. There's talk about another shortage of fuel oil this winter, if the heating season should turn out to be colder than usual. Meanwhile, oil prices continue to climb; that means wider profit margins for refiners and producers. And, of course, military demands have been heavy and will probably continue that way in the future, no matter what happens in Korea.

• **Bright Side**—It was convenient that the military operations took place in the Pacific; this solved the problem of too much heavy oil on the West Coast. The Coast normally needs a lot of gasoline, but not much heavy fuel oil. But a certain irreducible minimum of heavy fuel must be produced in the

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**UNITED STATES STEEL**

process of getting gasoline out of crude (BW-Mar.25'50,p10).

• **Good Tax Position**—Also—and this is what really excites investors—the oil companies are in a pretty good tax position. In figuring regular income tax, producers are allowed to deduct 27½% of their gross revenue from their operating revenue (up to a maximum of 50% of operating revenue) as a depletion allowance.

Excess-profits taxes will also have less impact on the oil companies than on some other industries. The integrated companies have a high ratio of invested capital to income. And since postwar profits have been high, nearly all oil companies will be in a position to figure their excess profits from a pretty high earnings base.

• **Inflation Hedge**—Shares of oil companies that produce all the oil they refine, or who sell crude oil to refiners, are also a pretty good inflation hedge. Inflation will hurt the earnings of many manufacturing companies (BW-Sep.9'50,p70). But when you produce the raw material yourself, you are sitting pretty during inflation.

## Wall Street Waits To Hear From Seoul

The upturn in U.N. fortunes in Korea gave the Dow-Jones industrial average enough push to cancel the last of its Korean losses. Last week the average broke through 224.35, its June 23 level. This week it went higher, then paused indecisively, not far below the 1950 high of 228.38. The rails leveled off sooner, close to their 1950 high of 66.87. Meanwhile, volume dragged.

• **Where Next?**—Where the market goes from here will depend on how traders size up military developments in the next couple of weeks.

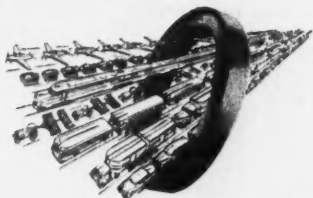
If there is to be a lull in the hot-cold war, Wall Street may take that as a bullish sign. For that would leave us with an economy geared to big military spending, but without the crisis psychology that would produce stiff controls on production of civilian goods. A lot of sold-out bulls might go into peace stocks.

If affairs go sour in Korea, or if it looks as though the war will be carried across the 38th parallel, a lot of Wall Streeters think that the market will stay in a narrow range (BW-Sep.16'50, p114). They figure traders would worry about the uncertainties on the horizon: the impact of taxes and material allocations, election results, the possibility of another Korea somewhere else. In-and-outers might be inclined to take profits now, rather than wait for next year's higher taxes.

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become complete  
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# LABOR



HARRY M. MOSES, until this week president of the H. C. Frick Co., takes on a new job. Bituminous coal operators have picked him to lead the coal industry . . .

## Out of the Wilderness

Coal operators pick a Moses to deal for them with "the most imaginative and capable labor leader of our time."

This week, Harry M. Moses officially resigned his position as president of the H. C. Frick Coke Co. to become chief executive of the new Bituminous Coal Operators Assn.

The 54-year-old Moses, who broke off a college career to go to work as a laborer in a coal mine, now leaves a U. S. Steel subsidiary he has been connected with for 39 years. He succeeded his father as president of the company in 1938.

Whatever it may say, the hope of the coal industry is that Harry Moses' organization will become the trump with which it can top John L. Lewis' ace. Several weeks ago, Moses talked the problem over with BUSINESS WEEK.

**MOSES:** We've got this straight now, haven't we? You are not going to use any of this until after my appointment is announced.

**BW:** That's right. How far are you along now with the new organization?

**MOSES:** Producers with an annual capacity of 150-million tons are already committed.

**BW:** That would be the solid base of the new organization—sticking by it through thick and thin?

**MOSES:** Yes. Although, of course, we would hope that those who come in later will be just as determined once they overcome their original hesitation.

**BW:** Where is this hard core of the new organization's strength located?

**MOSES:** Western Pennsylvania, cen-

tral Pennsylvania, northern West Virginia, Ohio, and the captives.

**BW:** What can you say about your own position with the new organization?

**MOSES:** Only that you can take it for granted that the proposition has to be very attractive to get me away from H. C. Frick.

**BW:** You'll sever all your connections with Frick?

**MOSES:** That's none of your business. . . . Oh well, all right. Yes, sure. You know 39 years with one company is a long time. I lived to close the mine I started working in. I've got only one boss—Ben.

**BW:** That's Fairless?

**MOSES:** Sure.





"... the proposition has to be attractive."

**BW:** Were you ever a member of the Mine Workers Union?

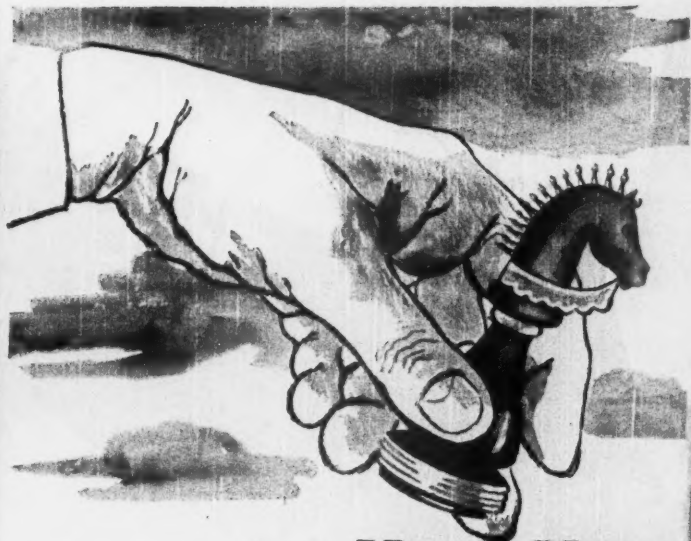
**MOSES:** Sure. In 1914, I belonged to UMW Local No. 5509—that was at the Bunsenville Mine in Vermillion County, Illinois. As a matter of fact, I was a local union officer, having been appointed auditor.

**BW:** How long have you known Mr. Lewis?

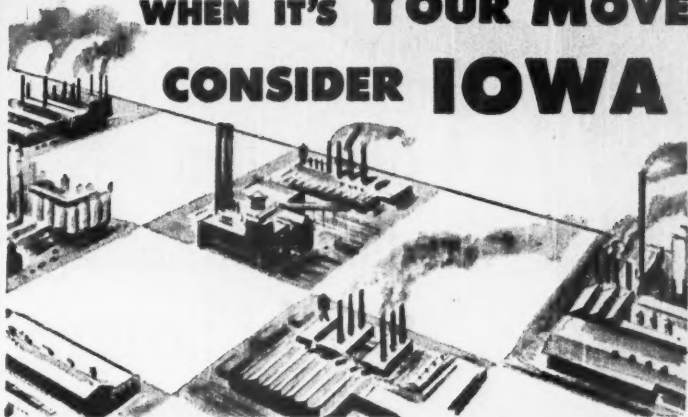
**MOSES:** Oh, I would say ever since I was a little dirty-faced squirt of about 10. He was a union organizer, and he came to town to make a speech. Of course, I didn't realize who he was then, or what he would become. Least of all did I conceive that I would ever



"... sure I was a mine union member. In fact, I was a local union officer."



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It's your move NOW, away from the vulnerable coastal and congested industrial areas . . . and Iowa offers the solution to your problem.

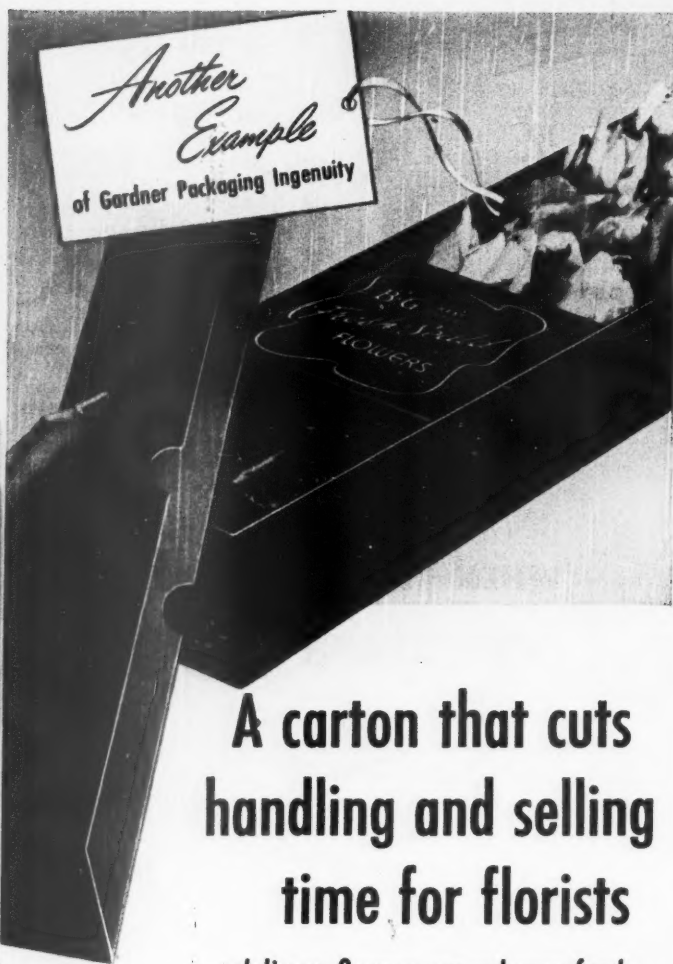
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## A carton that cuts handling and selling time for florists

...delivers flowers greenhouse-fresh

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This idea occurred to the Berthold-Grigsby Company, wholesale florists, of Cleveland, Ohio, and with Gardner's help they developed a practical package that keeps flowers

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This smart, black 3-piece carton is specially treated to withstand moisture and refrigeration—and when packed and tight-wrapped with cellophane, it keeps flowers in perfect condition. It is also specially constructed to protect delicate blooms against bruising.

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"... since I was a little dirty-faced squirt."

be dealing with him across the table.

**BW:** What do you think of Mr. Lewis?

**MOSES:** He is the most imaginative and capable labor leader of our time—certainly the most formidable who has ever confronted us. He is a fellow who went forward in fields that others didn't dare move in until he had opened them up.

**BW:** You mean organizing the mass-production industries?

**MOSES:** Sure—and in the field of social benefits.

**BW:** What do you think will happen to the union when Mr. Lewis is gone?

**MOSES:** Wow! It's impossible to guess.

**BW:** You have certainly encountered the opinion that the coal industry is a very sick industry. What about this?

**MOSES:** I don't hold with that idea at all. I don't hold with it when we can pay the wage scales we do and pro-



**BW:** "What do you think of Mr. Lewis?"

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When you have your own will drawn, be sure to be as wise as Walter Brook!



"It may be that there is a temporary panicky situation in the bituminous industry."

duce the amount of coal we produced last year, even after being shut down with the strike. It may be that there is a temporary panicky situation in the industry because of curtailed production, but I can't see how anyone can say that an industry so basic to this country of ours is sick . . . because there is enough business in this country to make us a sound industry and keep us so. Wait until the technological advances that have been introduced reach the place where they offset the added costs which come from our labor rates.

**BW:** But you can't ignore the fact that the coal industry is in bad odor. Who is responsible for that?

**MOSES:** Any one who would attempt to divide the blame would be jumping to an empirical conclusion that I want no part of. There isn't any question that the industry has been at times its own worst enemy, but fixing the blame would depend on who was



"We want to be left alone . . ."

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making the study. The rapid growth of the union and the union's desire to get benefits in periods when benefits weren't generally being granted has led to some disorders.

**BW:** Is there a possibility of a production quota system being established in the bituminous field comparable to the one now existing in the anthracite mines?

**MOSES:** It is entirely unnecessary. It carries a very sharp tinge of illegal possibilities. I don't see any possibility of it at the moment. The anthracite system, being confined to one state (Pennsylvania), escapes that hazard to some extent. We want to be left alone.

**BW:** By the union?

**MOSES:** I am talking now about government intervention. It has been to blame for a couple of our most serious disorders in the past.

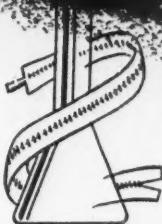
**BW:** How so?

**MOSES:** Why, by seizure of our properties and refusal to return them to



"We've been one step ahead of the hounds."

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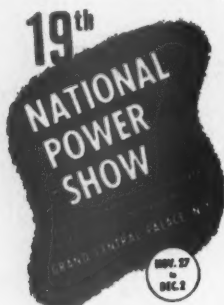
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"We hope that we can cooperate with the southern producers."



"Why am I taking this job? I would like to be of service to the industry."

us until we had given the union everything it had demanded.

**BW:** Can the soft-coal industry be stabilized on the level of its present production?

**MOSES:** I don't know. But I know it shouldn't be. There are broad fields for the coal industry to expand in this country, especially in the field of electrical energy, if it develops as it is presently contemplated. And there are unlimited possibilities in the field of coal chemistry.

**BW:** Will the coal industry regain the railroad market which has been lost to diesels?

**MOSES:** I don't know whether that market will ever come back for us, but there are some developments under way.

**BW:** Now what about the relations between your new group and UMW?

**MOSES:** Well, it is certainly not an organization being built up to be anti-UMW, but to attempt to stabilize our relationship in that field. The matter of safety in coal mines or anything that is in any way related to our contractual relationship is a job for this organization. We naturally expect to keep our case before the public in a favorable manner, as does the UMW. Our function is dealing with UMW under our contract.

**BW:** Will you be concerned primarily with contract negotiations?

**MOSES:** Yes, but we hope that will be the smallest part of our job, although it is part of it. What we are going to do is seek orderliness in our day-to-day relationships. There has to be a clear understanding of our problems.

**BW:** What are the chances of getting that?

**MOSES:** Pretty promising, I think. The agreement we are living under now gives us time to catch our breath. We've been one step ahead of the hounds for years, and this is a chance

to settle down and find out what the hell is going on.

**BW:** Do you want any legislation or anything from any of the government agencies?

**MOSES:** That is not contemplated, despite a lot of conversation by the Washington newsletters this morning. What we need is to be left alone. There is too much government interference already.

**BW:** Why are you taking this job?

**MOSES:** I have been in the coal industry all my life. If I can, I would like to be of service to the industry. It intrigues me from that standpoint. It won't be a buggy ride—it will be damn hard work, especially when we get under the pressure of negotiations.

**BW:** What about the southern producers?

**MOSES:** We have no desire to disrupt or destroy the southern producers or do them any damage. We hope that we can cooperate. If they aren't willing, we will have to do our own job in our own way. I don't anticipate any miracles.

**BW:** Would repeal of the Taft-Hartley act make any difference?

**MOSES:** It would just be power against power, and that is generally how it ends up anyway.

**BW:** There have been a number of references to your friendship with John L. Lewis. Have you talked with him about this?

**MOSES:** Not formally.

**BW:** But?

**MOSES:** Well, you know how Lewis is. He sometimes makes a point by parable.

**BW:** What was his parable on this point?

**MOSES:** He said that if a fellow wants to stand out in the middle of the street with the traffic going both ways, it would not be precisely preposterous if that fellow got run over.

Even walls and doors in this modern dairy  
are protected by **U·S·S STAINLESS STEEL**

*"We've cut plant maintenance to a minimum"*



Maintenance was an expensive item on these doors until they were covered with U·S·S Stainless Steel. The cottage cheese scoop held by the workman is Stainless, too.

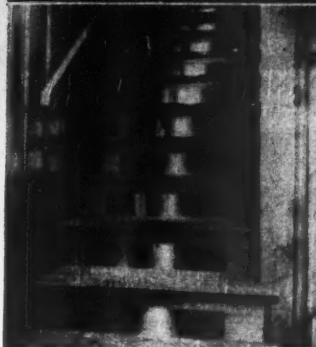
**M**ODERN DAIRIES for many years have been safeguarding the purity of their products by using Stainless Steel for every piece of equipment that comes in contact with the milk. But in Cleveland, Ohio, Old Meadow Creamery is taking even greater advantage of Stainless Steel's benefits. Here it is also used on walls, doors, stair risers, motor shields—wherever maintenance costs were high.

This extensive use of Stainless Steel is paying off. The bottle-washing room is a good example. Here constant steam and water from machinery, frequent rinsing of walls and floor and damage from milk crates made it almost impossible to maintain a painted wall. A 53-inch wainscoting of U·S·S Stainless Steel



SAYS CHIEF ENGINEER

U·S·S 18-8 Stainless Steel sheets make an easily-maintained, 53-inch wall lining in the bottle-washing room.



Stainless Steel kick-plates on these risers modernize this stairway while reducing maintenance almost to zero.

sheets solved the problem...eliminated all painting and wall repairs, made cleaning easier, greatly improved sanitary conditions.

"By protecting all vulnerable surfaces with Stainless Steel, we've cut building maintenance to a minimum," says A. V. Updegraff, the dairy's chief engineer. "Most of the installations were made by our own maintenance

men, which verifies the fact that Stainless is versatile and easy to fabricate."

Anywhere you use it, U·S·S Stainless Steel offers practical, money-saving advantages. It reduces cleaning costs and labor. It minimizes upkeep. It greatly prolongs life. Stainless Steel is unmatched for strength and toughness. No other commercial material can outperform it in all-around resistance to corrosion. None cleans more easily. Its permanent good looks boost worker morale and improve plant appearance. U·S·S Stainless Steel is a perfected, service-tested material, available in a complete range of forms, compositions and finishes. Made especially for the job it must perform, it assures you the finest in Stainless Steel performance.

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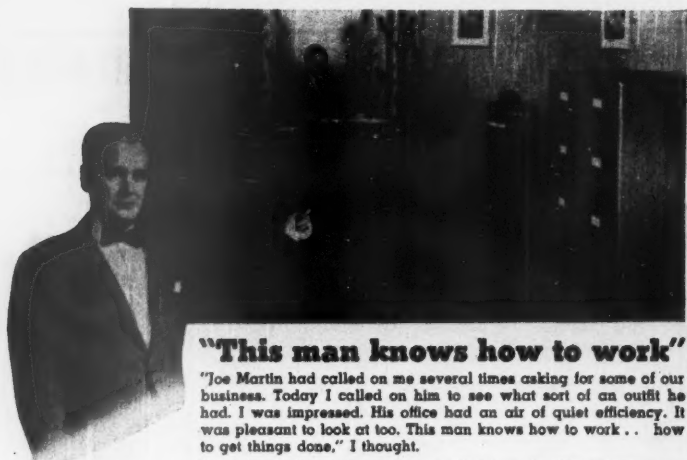
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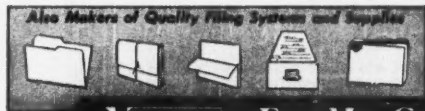
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RELAXING AT HOME, Robert N. Denham works on trees instead of NLRB briefs.

## NLRB Counsel's Ouster May Stir Fight on T-H

An all-out debate over the Taft-Hartley law—something Congress has been trying to dodge all year—may break out any time now. The possibility arose last weekend when the White House announced the resignation of Robert N. Denham, general counsel of the National Labor Relations Board.

Nobody was much surprised by the ouster. Rumors had been rife for six months (BW—Mar. 4 '50, p108). They gained substance recently when Paul Herzog—frequent target of criticism by Denham—was reappointed as chairman of NLRB.

But the ouster had sharp repercussions anyway. It was bitterly criticized on Capitol Hill as (1) an attempt to undermine enforcement of the Taft-Hartley law and (2) a sop to bring labor even more solidly behind Administration candidates in the important fall elections.

Meanwhile, until a successor takes over the general counsel's office, no one in NLRB can legally: prosecute unfair-labor-practice cases, seek strike injunctions, or issue complaints charging violations of any T-H rule. Only the general counsel can do these things—and the labor act makes no provision for an acting general counsel.

**The Pictures**—Cover by Eileen Darby. Robert Isear—20; McGraw-Hill World News—124; Paul Productions—24; Charles Rotkin—58; Wide World—26, 112; Dick Wolters—22, 23, 104, 105, 106, 108, 109, 110.



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## Pay Hikes Spread

Everywhere you look, new wage agreements are popping up. When the pace was set, unions went all out.

Any possibility of holding a wage line in 1950 was just about wiped out this week. Wage increases spread through industry in the wake of settlements by pacesetters like Chrysler, Ford, and General Electric. Workers in textiles, electrical products, tobacco, and other industries now have new pay deals.

• **GE's Contracts**—GE signed new contracts with two rival unions—CIO's International Union of Electrical Workers and the independent United Electrical Workers (ex-CIO). The pacts cover about 105,000 workers. The one signed with IUE ended a walkout of 40,000 GE workers in widely scattered plants. Major provisions include:

• A 10¢ hourly pay hike. This includes the voluntary 5¢ raise GE put through July 1. Certain skilled workers will get 5¢ an hour more.

• A contributory pension plan, set up to pay workers a minimum \$125 a month at age 65 after they've worked 25 years. This includes social-security benefits.

• Insurance benefits, jointly financed. GE employees and dependents get more life insurance and hospitalization, surgical, and maternity benefits. They also get hospitalization coverage after they retire.

• Wage adjustments in 1951. IUE gets them on a cost-of-living raise basis, UE through negotiations. This clause is the only big difference in the two contracts.

• **IUE's Plan**—IUE signed for a cost-of-living clause under which wages will go up next Mar. 15. This will give a 1¢ raise for each 1.14-point rise in BLS' c-of-l index during the next six months. If the index should drop, newly set wage rates won't be affected. GE and IUE will "re-examine" the proposition on Mar. 15, 1951, to decide whether to continue it—and on what basis.

UE didn't go after any c-of-l adjustment plan in its negotiations. Instead, it is free to open wage talks every six months during its two-year contract—first on Mar. 15, 1951. UE can strike during its wage reopening.

• **Textile Raises**—Two big settlements with the (CIO) Textile Workers Union of America—one at Burlington Mills, the other at Textron—started things off in the textile industry.

Burlington upped pay an average of 8¢ an hour in 76 plants, mostly in seven southeastern states. Textron will

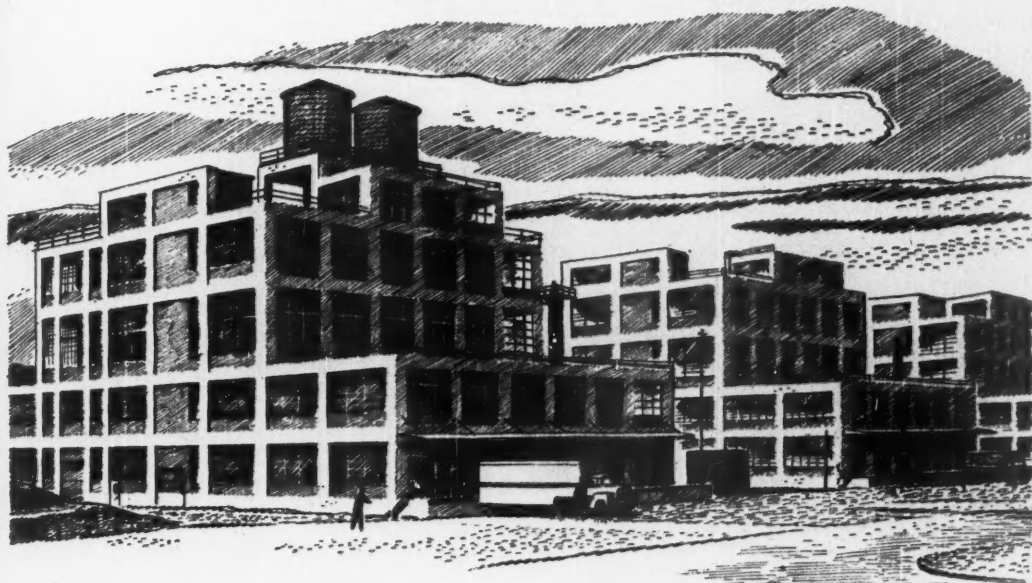
## What's Happening to the Cost of Living

	Total Cost of Living	Food	Clothing	Housing	Gas & Electricity	Other Fuels	Household Goods	Misc.
August, 1941.	106.2	108.0	106.9	106.3	97.1	109.3	108.0	104.0
August, 1942.	117.5	126.1	125.2	108.0	96.7	115.4	123.0	111.1
August, 1943.	123.4	137.2	129.6	108.0	95.8	119.1	125.9	116.5
August, 1944.	126.4	137.7	139.4	108.2	95.8	123.5	139.3	122.3
August, 1945.	129.3	140.9	146.4	108.3	95.2	127.2	146.0	124.5
August, 1946.	144.1	171.2	161.2	108.7	91.8	135.0	160.0	129.8
August, 1947.	160.3	196.5	185.9	111.2	92.0	134.8	184.2	139.8
August, 1948.	174.5	216.6	199.7	117.7	94.5	190.1	137.3	196.3
August, 1949.	168.8	202.6	187.4	120.8	97.1	183.1	141.1	184.8
September ..	169.6	204.2	187.2	121.2	97.1	185.9	141.5	185.6
October .....	168.5	200.6	186.8	121.5	97.0	188.3	145.6	185.2
November .....	168.6	200.8	186.3	122.0	97.0	190.0	146.6	185.4
December .....	167.5	197.3	185.8	122.2	97.2	191.6	145.5	185.4
January, 1950	166.9	196.0	185.0	122.6	96.7	193.1	145.5	184.7
February .....	166.5	194.8	184.8	122.8	97.1	193.2	145.5	185.1
March .....	167.0	196.0	185.0	122.9	97.1	194.4	146.6	185.4
April .....	167.3	196.6	185.1	123.1	97.2	195.6	146.6	185.6
May .....	168.6	200.3	185.1	123.5	97.1	189.1	146.6	185.2
June .....	170.2	204.6	185.0	123.9	97.0	189.4	146.6	185.2
July .....	172.5	210.0	184.7	124.4	97.0	190.9	146.6	186.4

August, 1950 173.0 209.0 185.9 124.8 97.0 194.4 147.4 189.3 186.1

† Ice grouped with "other fuels" prior to 1948. Data: U. S. Bureau of Labor Statistics; 1933-39 = 100.

# MERCK adds medicinal chemical plant to Pennsylvania's growing chemical industry



Merck & Co., Inc. . . . one of the leading producers of fine and medicinal chemicals in America and a company which has played an important part in the development of many of the new drugs like streptomycin, penicillin, the sulfa drugs, vitamins, and cortisone . . . has leased the Cherokee Ordnance Works at Danville, Pa., and will begin production of some of these products here next Spring.

Merck is investing substantial sums in this operation, in modernization and additions, and has an option to buy the plant.

**GEORGE W. MERCK, Chairman of the Board,** said: "One of the present Merck plants first began its operations in Pennsylvania over a century ago, and we are all delighted that we are

continuing in Pennsylvania on a large and increasing scale. The Department of Commerce and the citizens and business men in the Danville-Riverside Community have been very helpful and co-operative, and we are sure we are going to have happy and profitable operations there."

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## Commonwealth of Pennsylvania

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put through a 10% across-the-board increase on Oct. 1, and it will raise pay another 5% on Sept. 30, 1951, and 5% more on Sept. 28, 1952. In the interim, Textron employees in Nashua, Manchester, and Suncook, N. H., will get quarterly cost-of-living adjustments under a General Motors-type formula.

The Textron contract gives workers bigger insurance benefits and provides that the company and TWUA will discuss pensions in mid-March, 1951. Strikes are outlawed for the three-year term of the contract unless the parties can't agree on pension terms. Then the no-strike pledge is off. It wasn't long before southeastern cotton mills without union contracts announced similar wage boosts. And TWUA pressed for 15% raises in cotton-textile contracts, 20¢-an-hour boosts for members employed in woolen and worsted mills.

• **Other Raises**—The Solvay Process Division of Allied Chemical & Dye shook hands with District 50 of the United Mine Workers after a long argument. Now Solvay workers will get 10¢ hourly raises, and next June 12 they'll get 5¢ more. In the interim, Solvay will adjust pay through a cost-of-living "bonus" plan.

Federal mediators expect the Solvay terms will end the 97-day tieup of the soda-ash industry (page 20).

### LABOR BRIEFS

Factory hiring topped all previous records between mid-July and mid-August. Payrolls went up 620,000, bringing total in manufacturing industries to 15.4-million.

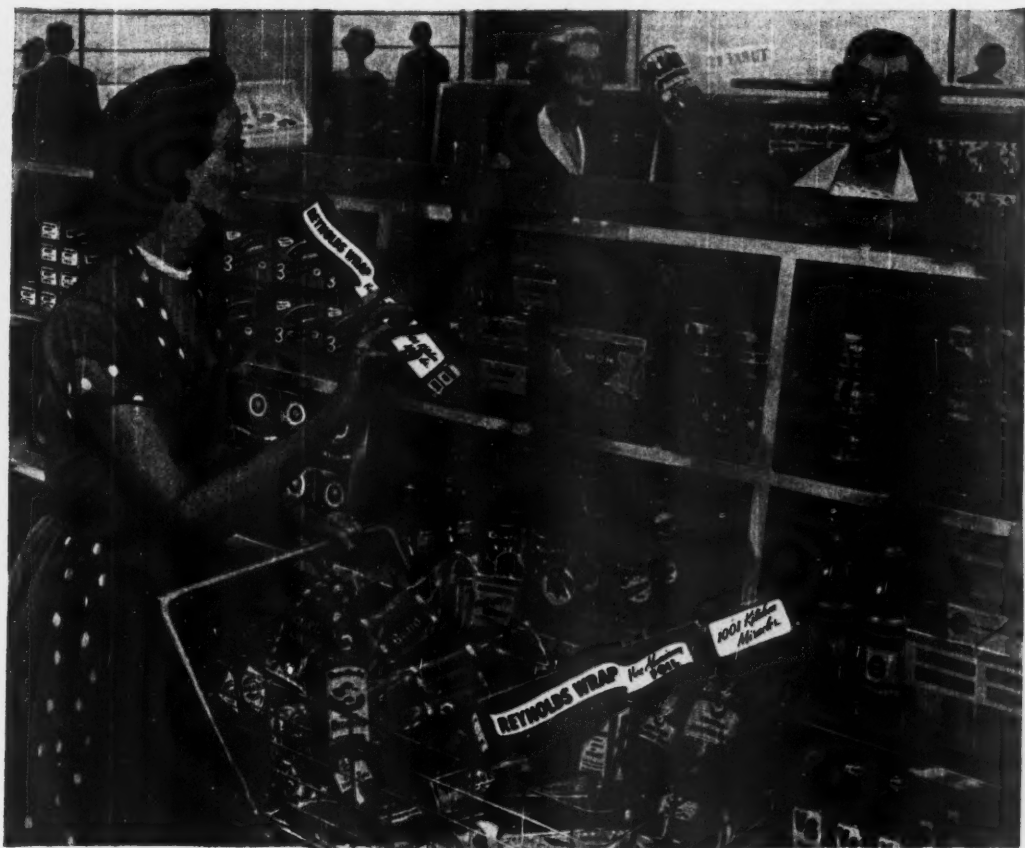
• The taxicab strike in Jacksonville ended after one month, with drivers winning a main point: reduction of their cab rental fee from \$6 to \$5 a day.

• New pay demands, for a 15% increase, are going out to employers from AFL's International Ladies Garment Workers Union and CIO's Amalgamated Clothing Workers of America.

• An anti-Communist resolution adopted by the International Chemical Workers (AFL) lists ICW officers suspend any member if there's "substantial" evidence that he is a Communist.

• The Ohio strike ended this week when the United Mine Workers and mine operators agreed to negotiate on issues involved: the operators' new work schedule calling for staggered hours and a disagreement over overtime pay. Mines were shut down for one week, with 4,500 idle.





## Meet the "Kitchen Engineer" who Speeds the Trend to Shopper-Stopper Packaging of **REYNOLDS ALUMINUM**

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sales trend; the packer who does *not* is likely to get left at the store!

For food protection is something these "kitchen engineers" understand. They know aluminum keeps butter and margarine fresher, keeps dehydrated soups dry, keeps cheese odors from spreading, keeps meats from drying out. Even on sealed bottles and cans, women appreciate the beauty of aluminum labels that never soak off, products that always look as proud as when they left the packer's plant.

Follow the gleam in the shopper's eye when she stops to buy, and you're likely to find the *sales-making* gleam of aluminum...Reynolds Aluminum!

*\*Illustrated are a few examples from the large, growing list of products packaged with Reynolds Aluminum. World's largest producer of aluminum foil, largest printers on foil, Reynolds offers a complete service: research in product protection, design collaboration and technical aid.*

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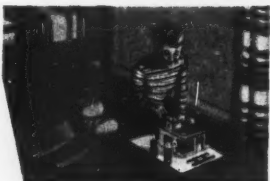
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11. Resist many chemicals
12. Won't split
13. Won't crack
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15. Won't dent
16. Won't splinter
17. Won't absorb odors
18. Won't rust or corrode
19. Easily laminated
20. Equal strength in two directions
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# INTERNATIONAL OUTLOOK

BUSINESS WEEK

SEPTEMBER 23, 1950



Washington is betting that Stalin will accept a licking in Korea without fighting back.

There's even some talk that Moscow will temporarily shift its policy line to "peaceful coexistence."

Stalin stands to lose plenty both in Asia and in Europe if we win in South Korea.

A Korean defeat will weaken Stalin's control over communism in Asia.

One of his main objectives has been to keep the Chinese Communists tied tightly to the Kremlin to prevent them from setting up an independent power center in the Far East.

In Germany, Moscow also would find the going much tougher. Stalin has been counting on the ex-Nazis more than the Communists as his allies in both East and West Germany. His appeal has been power. But the Nazis won't be so enthusiastic if Stalin turns "soft."

If Stalin backs down in Korea, look for a purge in Moscow. It might include a bigwig like Molotov. (He's been handling Asian affairs.)

It's an old rule in the Kremlin that Stalin can't be wrong. So someone else has to be.

The West is taking no chances on losing Berlin to the Russians.

Acheson, Bevin, and Schuman said this week that an attack on Berlin would be met with force.

Reason for this warning: the threat of a new Berlin blockade plus attacks by the East German "police force."

The three foreign ministers agreed also on ending the "state of war" with Germany. The lid comes off West German steel production, too.

But, all in all, the "Big Three" meetings in New York didn't go too well. There were too many conflicting demands.

Acheson wanted to build a German army as part of an Atlantic Pact force. But Schuman held out against this. Now Acheson will have to answer to the Republicans in Congress for his failure.

Schuman wanted to pool the cost of rearmament (BW-Sep. 16'50, p131). But Acheson wanted to get the German army question settled first. So Schuman goes home to Paris empty-handed.

Bevin gave in some on the German army—probably more than the Labor government wanted him to. But Churchill is sure to attack him for not stringing along with Acheson.

The Attlee government squeaked by in Parliament on steel nationalization. But these are the consequences of Labor's decision to go ahead with steel:

(1) A coalition government now is out unless Britain is in extreme danger—a Russian army across the Rhine, for example.

(2) The Labor government will stagger through the fall and winter under the threat of defeat at any moment.

(3) Much of the middle-of-the-road vote, which Labor has been courting since the elections last February, will now turn against Attlee. Thus, if an election should come in November—a possibility—the Conservatives would stand a chance of winning by a small margin.

# INTERNATIONAL OUTLOOK (Continued)

BUSINESS WEEK  
SEPTEMBER 23, 1950

Rumors of an early Korean peace have tumbled gold prices in Paris.

Almost overnight \$20 gold pieces have dropped by 370 francs, just over \$1.

But prices of everything else continue to inch up (page 121). French shoe prices are slated to go up soon by 300 to 500 francs.

•  
Despite inflation, the Pleven government is reducing taxes, especially where the cuts will boost housing construction.

This is hardly the right medicine. But Pleven's problem seems to be this: how to reconcile the two chief blocs in his cabinet—the control-minded Socialists and the free-enterprising Radicals.

•  
Zooming prices and potential shortages in world commodity markets have U. S. defense planners worried.

Already commodity agreements and preclusive buying schemes are being urged for wool, tin, rubber, cocoa, many nonferrous metals.

But commodity allocations would be a lot tougher now than in World War II.

Then the U. S. and Britain dictated who would get what—and when. Today there are more friends and allies to be consulted.

•  
Producing countries are in no hurry to slow down the profit boom with allocation brakes.

That could be politically disastrous in nationalist Indonesia, for example. (Yet a rubber agreement without Indonesia wouldn't mean anything.)

Other producers even want price floors to insure a good market.

•  
Consuming countries—particularly in Western Europe—worry about a steady flow of essential imports.

They won't be eager to shoulder their share of the Atlantic defense burden without a sure supply, reasonably priced.

France already has proposed a raw materials pool for the Atlantic Pact nations. The French would try to avoid getting into complicated price controls—but haven't figured out a substitute for that yet.

•  
Here's how the situation is in three major commodities:

Wool: The International Wool Study Group meets in London next month. The producers will want a price floor—and maybe more—before they agree to allocations. The U. S. will probably go along.

Rubber: It's 50¢ a lb., and still going up. Controls here are a real problem. Even if Indonesia and Malaya could be persuaded to buy allocations, it's a question whether smuggling can be squashed enough to make the scheme work. U. S. officials doubt it.

Tin: Cartel arrangements have been in the works ever since World War II. The U. S. has fought them all so far. But changes are likely in the U. S. position when the Tin Study Group gets together in Geneva on Oct. 25.

•  
ECA is angling to become the FEA (Foreign Economic Administration) of this rearmament period.

ECA's argument is: "We already screen and control U. S. supplies going to the 18 Marshall Plan countries. If over-all controls become necessary, why not let us take over the job for the rest of the world?"



# BUSINESS ABROAD

## War Boom Roars Round the World

- Britain stretches already tight economy with rearmament work.
- France faces inflation, but for business it means higher profits.
- Sweden needs more materials and labor to meet foreign demand.
- The Netherlands, already booming, readies for war production.
- West Germany raises exports, cuts unemployment.
- Italy, an exception, still worries over long lines of jobless.
- Brazil fears cutoff of U. S. goods; big land boom on.
- Mexico gives U. S. more business than it can handle.
- Argentina finds business good, but bridles at Peron's whims.
- Australia runs into wool-made inflation.

The rearmament boom in the U.S. is reaching right around the world. In coffee houses, luncheon clubs, sidewalk cafes—wherever businessmen gather to talk business—there's boom in the air. Already Korea has reversed the shift toward a buyers' market. Almost everywhere it's a sellers' market again (BW—Aug. 26 '50, p. 89).

But a boom isn't all gravy for business. Western Europe, in particular, is bothered by inflation once more, even before rearmament gets started across the Atlantic.

As the dollar shortage ends around the world, there's a tendency for some governments that devalued currencies to think about revaluing today. But Mexico and Australia, two of the likeliest prospects, have decided against it.

This week BUSINESS WEEK received on-the-spot reports on the business outlook from its correspondents in 10 world capitals. Here's what they have to say:

### I. London

Business in Britain is near the boom level. Since last year's devaluation of the pound, the going has been good for British export industries. But orders have come in faster than ever since Korea—so fast, in fact, that delivery dates for most products are getting longer and real shortages are showing up.

Before long, shortages of materials and labor will hold up any further expansion of production. Today unemployment is only 4% of the working population. Britain's own rearmament

plans, not to mention demand from abroad, is sure to stretch things even tighter.

• **Price Rise Ahead**—Up till the end of August, wholesale prices had climbed only 3% since Korea. Retail prices had held fairly firm. Now, however, because of rearmament, the outlook is for further rise in wholesale prices of at least 5% by the end of the year. Retail prices will follow suit. Also rearmament is likely to bring higher wages at the same time that it is checking any real rise in productivity.

In a situation such as this, American exporters will find British buyers more eager than ever to get U.S. goods. But import restrictions won't be loosened right away. One million and a quarter Britons are waiting for passenger cars, while British manufacturers export 75% of their production. So they would delightedly buy American cars if they could get them. Only if London's dollar reserves continue to expand rapidly, however, is there any chance that import controls will be relaxed next year.

• **Good Buying**—American importers will find Britain a good place to buy if they can get delivery. The price rise since devaluation has been moderate, and since Korea, much less than in America. Until inflation catches up, the British price level will be attractive.

In a congested economy, though, it's hard to obtain the supplies you want. The head buyer of a Manchester company that uses 10,000 tons of steel a year recently sent an inquiry to 85 steel-makers. He asked for 30 tons of steel sheet for delivery during 1951. Accord-

ing to the buyer, "Everyone except our present supplier turned down the inquiry."

### II. Paris

The price of gold braid for officers' uniforms has jumped 55% here in Paris since the Korean war broke out. And movie audiences along the Champs Elysees hoot at Premier Rene Pleven when he announces in a newsreel that rearmament sacrifices will be fairly distributed among Frenchmen.

These two facts symbolize the economic and political climate in France today. This summer's war-scare inflation has definitely reversed the deflation of last spring. Both businessmen and laymen expect the inflationary pressure to mount even higher. In fact, many merchants are openly speculating on inflation.

• **Prices**—Nobody knows yet how fast inflation will accelerate. But the price rises of the last two months—before any war production started in France—are a clue. Retail prices jumped between 5% and 10% during August. So far, there is no sign that productivity in industry is increasing fast enough to sop up this inflationary tide.

Still, prices aren't expected to go up as much in France during the next twelve months as in the U.S. That means that France should be good hunting ground for American buyers for a while yet.

• **To Taste**—By and large, French businessmen find the post-Korean business outlook to their taste. Experience since 1945 has taught them that inflation can bring higher and higher profits, especially when a weak government is in office. The only shadow over this picture is the fear that the West's heavy industrial manufacturing is becoming more and more concentrated in the U.S. Likewise, many Frenchmen are frightened at the specter of increasing American economic penetration in French colonial territories as the U.S. searches for strategic materials.

### III. Stockholm

The Swedish businessman wants just two things today—more materials and more labor. He would need both to keep up with demand. Right now, both home and foreign demands are running away from Swedish capacity.

Foreign demand for Swedish raw ma-

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materials probably has never been higher. The Swedes have huge quantities of rich iron ore which they can export either as crude ore or as purified ore for processing into special steels. Sweden is sitting pretty, too, with its forests. Pulp prices are soaring, and lumber prices have started to climb.

• **Balance**—Sweden, though, has to think of the balance between import prices and export prices. Swedish industry gets all its coal from abroad, plus all its wool and cotton, and most of the cheaper grades of steel.

Just now the balance seems to be in favor of Sweden. And today a shortage of labor is a bigger handicap for Swedish industry than the rising cost of raw materials.

Retail prices in Sweden still are under government control, and so far the price line has been held. But woolen clothing is to go up 25% next spring. The Swedish consumer has decided that it is time to stock up on clothes. For example, a salesman recently was showing a housewife a joblot of tweeds in her Stockholm apartment building. Before long, the neighbors flooded the housewife's apartment and the salesman left with a full order book.

### IV. Amsterdam

Until Korea came along, Dutch businessmen had been expecting a mild recession during the second half of 1950. But there are no signs of recession in The Netherlands today. In fact, this month's trade fair at Utrecht is doing a record business.

Wholesale prices are moving up sharply, following the world trend. So far, though, retail prices and most export prices have held pretty steady. In part, this may be a reflection of Dutch level-headedness. For the past two months, there has been almost no hoarding in the Netherlands. By contrast, Belgians are crossing the frontier daily to stock up.

However, the Dutch expect things to get tighter as rearmament proceeds. Dutch industries are now preparing for large orders, and, in some cases, for full conversion from peacetime to wartime production. The huge Philips combine is about ready to give up television output in order to produce war equipment.

### V. Frankfurt

A boom is in full swing in Western Germany. July exports were 12% above June. Unemployment has dropped 300,000 since the Korean war started.

So far, living costs have held fairly steady; it's estimated they have gone up only about 2% since Korea. One reason is that the Bonn government has

controls on rents, coal, transport, utility charges, cereals, fats, and sugar. Another is that the German worker lacks the money to go in for scare-buying. A hausfrau in Frankfurt last week begged a storekeeper to buy back 15 cans of cooking oil which she had bought during the initial excitement over Korea. The woman had overspent her house money and was worried about feeding her husband until payday.

• **Rearmament**—Bonn estimates that West Germany could fill 3-billion marks worth of rearmament orders for the West. At the same time, it is expecting to boost its traditional exports to the U. S. and fill special U. S. orders for steel, cement, and certain chemicals.

But the Bonn government is seriously worried about two things: (1) prospects of a big increase in world foodstuff prices; (2) German labor's recent demand for a 10% boost in wages.

### VI. Rome

Despite an over-all rise in industrial production this year, Italian businessmen tend to be pessimistic. They don't like the uncertainty of the international situation. And so far, they haven't found the Korean war boosting demand for their textiles or their metalworking products.

Right after the war started in Korea, wholesale and retail prices edged up in Italy. But prices have remained steady during the rest of the summer.

Unemployment, Italy's biggest economic problem, is still as serious as ever. The official figure is 1.6-million, or the same as in 1948 and 1949. The most that Italian industry seems able to do is to absorb the new increases in the labor force.

The de Gasperi government hopes that more of the unemployed can be absorbed once rearmament gets under way in Italy.

### VII. Rio de Janeiro

In Brazil, the kind of business you are in determines whether you like the post-Korea upsurge in trade.

Companies that manufacture or sell items made of local materials are getting set for a bonanza. But firms that depend on foreign components or foreign raw materials—which are now importable only in limited amounts—wonder whether they'll be able to build stockpiles before supplies are cut off. Traders who handle foreign manufactures, especially consumer goods from the U. S., are really pessimistic. They face the prospect of continued import restrictions, plus rising prices in the U. S.

• **Boom**—But you can't miss the boom-time atmosphere in Brazil. Building is



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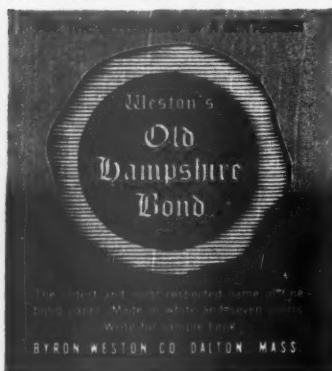
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up about 20% over last year. Bank clearings, tax collections, employment figures are all up, too. Of course, the cost of living is up at the same time.

The ruling passion in Brazil's big cities these days is speculation in coffee lands and American automobiles.

The land boom centers in Parana State, Brazil's future coffee center. A leading Brazilian industrialist tells this story about his experience: Before leaving in April on a foreign tour, he acquired a large but remote Parana holding at \$18 an acre, with five years to pay. He bought sight unseen, for the property was then accessible only by parachute. On returning to Brazil last month, he was swamped with offers of up to \$150 an acre spot cash. So he decided to visit his "gold mine." He found that several towns had sprung up, and that one road carried six buses a day past his land.

## VIII. Mexico City

Business has been so good in Mexico this summer that some Mexicans have wondered if the government might not repeg the peso at a higher rate (BW—Aug. 19 '50, p97). A denial by Finance Minister Beteta hasn't entirely scotched the rumors.

Mexican businessmen are placing big orders in the U.S. in the hope of get-

ting goods before export restrictions are clamped on. But in the automotive industry at least, Mexicans are not too optimistic. You are now permitted to import car parts for Mexican assembly in any volume you want. But home offices in the U.S. can't supply the demand. Importers of U.S. textile machinery seem to be in the same boat.

Mexico's biggest new import is television sets (BW—Aug. 12 '50, p108). More than 5,000 receivers have been imported in the past month or so. And radio shops and department stores in Mexico City are now doing a rushing business, largely on instalment sales at \$600 or more a set.

## IX. Buenos Aires

Argentine businessmen don't like the kind of boom they are having now. Business may be good, but the future seems completely unpredictable. The Peron government is mixed up in so many things that there is no way of even guessing what tomorrow's costs and tomorrow's prices will be.

In some cases, management is even cutting down its labor force. This is partly due to the government's habit of making wage increases retroactive. Textile and footwear firms recently got orders to hand over 17-million pesos in back pay. And there are reports of a



## Puerto Rico Stockpiles Skilled Labor

At San Juan, the University of Puerto Rico's School of Industrial Arts is working overtime on a stockpiling program. The stockpile: skilled labor. Right now, it has 2,700 students, taking courses in electronics, tool and die making, aviation mechanics. An-

other 22,000 Puerto Ricans are on the waiting list. Island officials want U.S. businessmen to know that Puerto Rico has some 200,000 workers, some of them technically skilled, available for war work in U.S. plants should there be a manpower squeeze.



forthcoming 30% increase across the board in salaries and wages.

• **Rule of Whim**—Prices are rising rapidly. A new tobacco tax has raised the retail price of cigarettes by two-thirds. The Ministry of Transport has boosted rail fares and freight charges by as much as 91% over last year's levels. Farmers in some areas find they cannot get grain bags unless they join the government cooperatives. Water rates for industry are arbitrarily jacked up whenever officials take a notion.

Rearmament in the U.S. and in Europe has increased the desire for American goods. The Argentine consumer fears they will become scarce if industrial conversion in the U.S. goes much further. But it's a real question whether the government will let more goods into the country. Since Korea it has kept the lid as tightly clamped as ever on imports from the U.S.

### X. Melbourne

There are two news items that can upset Australians even more than the prospect of a big Kremlin move—a report that the wool price has collapsed and a report that wool has gone on a rampage.

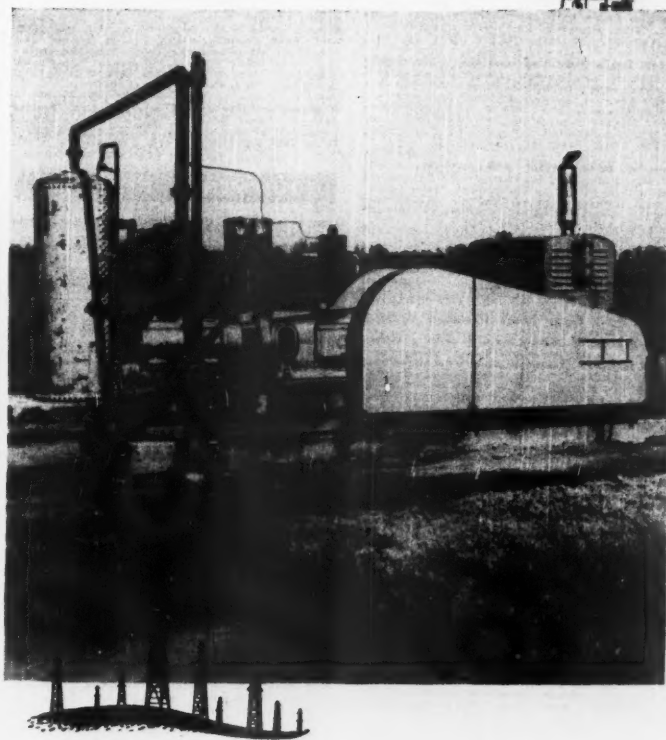
Since Aug. 28, wool has been on the rampage (page 31), and even placid Australian housewives knew at once what it meant. They reached for their savings bank passbooks, drew out a couple of "fivers," and mobbed the downtown stores for everything they could buy. These same housewives didn't panic when the Korean fighting flared up two months earlier because they saw no reason to. But they knew an inflation when they saw one. Money spilling into the Australian economy from the bulging pockets of wool growers inevitably sends prices upwards.

• **Revaluing**—It's this threat of inflation that has stymied an upward revision in the value of the Australian pound. The government is going on the theory that revaluation would make things worse.

What's being planned is a 20% tax on wool exports. Proceeds of this levy will be used to subsidize domestic wool consumption at June price levels. They also could go into a stabilization fund to be used when wool prices break (page 31).

A similar levy is planned on zinc and lead exports, although domestic consumers are subsidized already by producers. Though confident that these export taxes will help stem inflation, government economists aren't sure that they won't partly be passed on to foreign buyers. They worry, too, that the subsidy may keep Australian consumption at artificially high levels, thus reducing the country's exportable surpluses.

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# Canada's Korea

**Credit curbs and standby controls of industry set up, but government plans light rein during war buildup.**

Last week, businessmen in Canada got their first taste of Korea's effect on their economy. At Ottawa, the Parliament finished cooking up Canada's own brew of war taxes and controls.

• **Held to Minimum**—The brew was not too strong. Like the Truman Administration in the U.S., Prime Minister Louis St. Laurent and his economic advisers are trying hard to nurse Canada through the war buildup with a minimum of interference with the economy. They're aiming at increased production, are ready to accept a moderate inflation in wages and prices.

Key to the situation is the "Essential Materials Act," giving the government standby powers to declare any material or service "essential to national defense." When the government puts the finger on any service (like railroading) or any material (like steel), prices can be fixed, supplies allocated, producers ordered to increase production and deliver their output to anyone designated by Ottawa.

This sweeping control power is held by Trade Minister Clarence D. Howe, who says he doesn't intend to use his powers at all in the foreseeable future—and he hopes never.

• **Credit Curbs**—There's another control measure designed to put the brakes on consumer credit. At first, curbs on instalment buying will be applied only to autos, stoves, refrigerators, and other heavy consumer items that eat up defense materials.

• **Government Spending**—Ottawa is cutting its own nondefense capital spending to the bone—and urging the provinces and municipalities to do likewise. The defense budget for fiscal 1950-1951 was \$425-million (that's 382.5-million U.S. dollars); since Korea, it's up \$244-million. All told, there will probably be a \$1-billion defense bill out of a total budget of \$2.8-billion. In addition, when U.S. military purchasing in Canada really gets going, it may be a bigger inflationary factor than Canada's own defense spending.

• **Surplus in Sight**—For the time being, new taxes are being counted on to hold the line. Without increased levies, Canada would end up with a mild deficit of \$44-million. Now it looks as if Canada may tot up a surplus of around \$15-million—provided war doesn't send military costs skyhigh.

Federal corporation taxes are going up 5%. Taxes on liquor are up, and

there's a new tax on soft drinks, candy, and chewing gum, and electrical appliances, previously exempt.

• **Crest of Boom**—There's no boost planned for personal income and general sales taxes as yet. Ottawa is hoping it can maintain a "pay-as-you-go" policy—without drastic tax increases, and yet without courting dangerous inflation. But it may not be easy: Business is riding the crest of a boom sparked by high capital investment and heavy U.S. demand for Canadian products.

Korea gave a shot-in-the-arm to prices that had been edging upward for six months. Retail sales volume at mid-summer was crowding previous Christmas shopping season records. The cost-of-living index hit an all-time high Aug. 1, and the labor force is close to full employment, with recruiting for the armed forces expected to bring shortages—and wage increases—soon.

• **U.S. Buying**—Not yet in the picture is any important U.S. defense buying in Canada. But before long, U.S. rearmament will increase demand for base metals, like nickel, copper, lead.

And there are quite a few military items that Canada can turn out without any strain: certain aircraft parts, jet engines, electronics equipment, naval guns, arctic equipment, uniforms. Canadian plants can produce a lot more war equipment than can be used by Canada's own armed forces—so Ottawa would like to work out an arrangement with Washington whereby the U.S. would buy some lines of military goods in volume. That would allow Canada to use mass-production techniques, which it can't do economically to supply its own small needs.

## BUSINESS ABROAD BRIEFS

Venezuela's military junta plans a 91-mi. railroad to get U.S. Steel's iron ore out of the hinterland. It will haul the ore to the Orinoco River; from there a channel will be dredged to the sea.

PanAm's hotel-building subsidiary, Intercontinental Hotels Corp., is putting up a \$2-million, 150-room hotel in Bangkok, Thailand (BW—Apr. 22 '50, p110).

Tire makers in Brazil can look forward to another 5-million lb. a year of rayon tire yarn. New York's Oscar Kohorn & Co., Ltd., is building a \$2-million rayon plant at Sao Miguel.

Kaisers and Frazers will be assembled in Japan, starting next January. K-F has made a deal with East Japan Heavy Industry, Ltd., will send engineers and designs worth \$150-million.

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Business Week—September 23, 1950

## Economic Mobilization Gets Under Way

The Defense Production Act is now the law of the land. The executive orders issued by the President under its authority mark the real beginning of our economic mobilization.

The bill as finally approved by Congress reflects the great debate throughout the country as to how mobilization on the economic front should be carried out.

Congress agreed with the President on all his requests to give right of way to defense production. It conferred on him power to institute priorities, allocations, and inventory controls. It provided authority and funds for the expanded output of basic materials. It approved consumer and real estate credit controls.

### Standby Powers

But Congress went further than the President asked—and wanted. In response to urgent demands from many groups for a complete set of direct controls, it gave him standby powers over prices, wages, and rationing. Wisely, this provision was made permissive and not mandatory.

Two presidential orders issued under the act have set up new agencies—one to give the green light to defense production, the other to make plans to hold the line against inflation.

The National Production Authority, established in the Dept. of Commerce under an able and experienced businessman—William H. Harrison—has a clear-cut job to do in the production field.

The Economic Stabilization Agency, still an empty box on an organization chart, is a kind of dual-purpose invention. ESA can do the job the President has given it—checking price and wage developments to determine if and how authorized controls over them should be used. Its other purpose is a political one—ESA's creation holds off criticism of that powerful group within the President's own party—and elsewhere—that wants a full set of direct controls now.

ESA is one of those compromises that seems useful. It sets up the mechanism ahead of time so that further steps can be taken if the defense effort must be rapidly expanded to meet new Communist threats. There is, of course, a real danger in this sort of forehandedness—pressure on the President could lead him to use ESA's powers prematurely in clamping down stifling controls.

The President's decision to administer his new emergency powers mainly within established departments and agencies will draw fire. It can be criticized as putting the controls into the hands of partisans of each group to be regulated. That is true. But the alternative—creation of new extra-departmental agencies—would have a serious defect as well: It would increase the influences at work for a wider network of controls, since such new agencies would have no other business to foster.

The President's decentralized control system has a

good chance to work at this stage if his newly designated coordinator, Chairman Stuart Symington of the National Security Resources Board, does his job and is given strong support by the White House. But Symington should not function in that post as head of NSRB. The latter is a planning and not an executive and administrative agency. NSRB should get a new head and continue its work with the Defense Dept. on relating its requirements to the nation's resources. Symington should move into the White House on a full-time basis as James F. Byrnes did back in 1943.

### New Issues

The Defense Production Act and the President's directives provide some tools to help speed up production and hold down inflation. They also create new issues that must be dealt with.

Now that NPA is a going concern, it needs a clear-cut idea of what the military needs really are. It will also have to ration remaining supplies among urgent civilian needs carefully so as to avoid the "priority inflation" of early World War II fame (BW—Sep. 16 '50, p9).

To get ESA off on the right foot, the President should choose a man to head it up who has a balanced view of its job—a man who will not conceive his first responsibility to be a recommendation for all-out price and wage controls. The question of slapping price ceilings on a limited number of strategic materials will have to be faced soon.

The awkward compromise in the law on wage restrictions must be worked out. Congress decided that if price ceilings are set—whether selectively or across the board—wages must be "stabilized." This whole section of the legislation is so vague, that like the Constitution and the Supreme Court, it is apt to mean largely what the President says it means.

The authorized restrictions on consumer and private real estate credit will have to be used vigorously and wisely if we are to hold direct controls to a minimum. The initial consumer credit curbs announced by the Federal Reserve Board are obviously only a gentle first step. Any regulation of private real estate credit will be delayed while the Reserve Board figures out how to administer this measure affecting so many lenders in a highly varied and local type of market. Chief reliance for control in this field will have to be placed on the federal insuring and guaranteeing agencies.

Since the act provides standby powers, it calls for watchdogging. The legislation sets up a congressional committee to do that. But it is also the job of every businessman and citizen. It is essential if we are to avoid premature and ill-advised harnessing of controls on the economy to the injury of our whole productive effort.



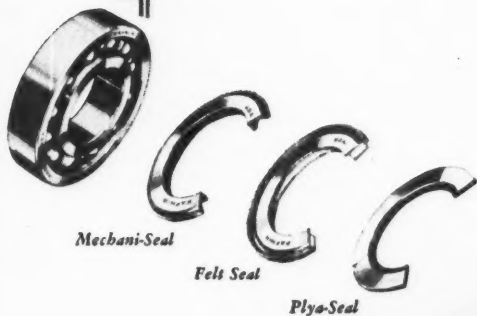
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